
ECONOMIC DEVELOPMENT IN ALASKA

Outdoor Recreation

IMPACTS AND OPPORTUNITIES

Presented To The Alaska Division Of Economic Development



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I. Executive Summary

Of all 50 states, Alaska has the lowest population density, greatest acreage of wilderness areas, and highest rates of participation in many outdoor activities. A majority of Alaskans say that opportunities to get outside are a reason they choose to live or remain in the state, and a similar share of visitors come to Alaska to experience the great outdoors. Both locals and visitors spend money in the course of their activities that circulates throughout the state economy, making outdoor recreation a substantial industry.

This report characterizes the economic impacts of outdoor recreation in Alaska. Through the analysis presented here, the University of Alaska Center for Economic Development (CED) estimates that in-state consumer spending related to outdoor recreation trips amounts to nearly \$3.2 billion annually. That spending creates about 29,000 direct jobs, and 38,100 total jobs through a multiplier effect (indirect and induced). About one job in ten in Alaska is tied to trip-related outdoor recreation spending.

Using these expenditure figures, CED estimates the economic impact of two outdoor recreation amenities in Alaska (Olmes Pond north of Fairbanks

and K'esugi Ken in Denali State Park) and one proposed project (an Anchorage-to-Seward trail).

The economic impacts of outdoor recreation reach beyond the immediate stimulus of consumer spending. Outdoor amenities contribute to an improved quality of life that attracts new residents who become part of the state's workforce. Access to parks and trails makes neighborhoods more desirable, according to a multitude of survey data.¹ Additional research shows that businesses are more likely to invest in places with perceived high quality of life. These impacts are more difficult to measure but are discussed in the report in qualitative terms.

Outdoor recreation provides an impetus for entrepreneurship in Alaska, as well. A previous study, *Emerging Sector Series: Outdoor Products*, documented the growing Alaska-based companies that build or design outdoor recreation products, serving in-state as well as out-of-state markets. This report incorporates interviews from a selection of businesses that participate in the outdoor economy, which range from a brewery to a dog sled tour provider, showing the diverse opportunities for entrepreneurship in the sector.

Alaska State Parks Ranger
Photo Credit: Alaska Division of State Parks



Key findings from the report include:

Participation and Economic Impacts

- Alaska has the highest rate of participation in outdoor recreation in the U.S. overall (tied with Montana), as well as in fishing and hunting specifically.
- Participants spend almost \$3.2 billion on outdoor recreation trips annually in Alaska. This includes purchases made in conjunction with an outdoor recreation trip (such as lodging and fuel) but excludes equipment (such as rifles or bicycles).
- A total of 38,100 direct, indirect, and induced jobs in Alaska result from these expenditures circulating through the Alaska economy.

Outdoor Amenity Case Studies

- K'esugi Ken and Olnes Pond are two facilities within the Alaska State Parks system that have seen recent infrastructure investment through a combination of state and federal funds. In 2017, visitation to both sites combined generated an estimated \$1.1 million in consumer spending related to outdoor recreation trips.
- Creation of an Iditarod Historic Trail (from Anchorage to Seward) is still a dream, but construction of a continuous "long trail" from Anchorage to Seward is an example of a project that could become a signature destination for adventurers from around the world. It would be an asset for locals and could potentially attract new visitor segments to the state, as well as facilitate economic growth in the small communities adjacent to the trail.

Outdoor Recreation and Quality of Life

- Nearly 6 out of 10 Alaskans said that outdoor recreation opportunities were an important reason for living in the state. Of those, half cited fishing and hunting as reasons for living in or staying in Alaska.
- A large majority of corporate executives (87%) say "quality of life" is a major factor in deciding where to expand or relocate business operations.²
- According to a National Association of Realtors, four of the top seven most important factors in an American deciding where to live concern outdoor recreation, including walkability.³
- Some places in the U.S., including the state of Vermont, advertise their outdoor recreation opportunities to attract remote workers as a form of economic development.

Economic Development Case Studies

- The Colorado Outdoor Recreation Industry Office has helped to land a major investment from VF Corporation, a leading outdoor gear company that owns The North Face and other brands. The office also leverages a university partnership to help rural communities grow their outdoor economies.
- Tested in Idaho is a shared branding initiative by the Idaho Department of Commerce to promote outdoor products companies based in the state. It includes a strong social media presence, brand ambassadors, and a roadshow to elevate the Idaho brand.
- Bend, Oregon has attracted and grown a vibrant entrepreneurship community partly on the strength of its access to outdoor recreation. The city is home to an outdoor product startup accelerator called Bend Outdoor Worx.

Recommendations

- Improve data collection to better understand the outdoor consumer base in Alaska. A patchwork of different agencies collect data on participation and spending by outdoor recreators, and notable gaps exist that limit the ability to assess economic impacts.
- Assess the economic impacts of proposed state-led recreation projects. The economic impacts of new trails, access points, and other outdoor infrastructure are not always understood. Assessment of these impacts could help policymakers decide which projects to prioritize.
- Create a stronger entrepreneurship support system within the outdoor recreation sector. With significant assets in outdoor recreation and a culture of entrepreneurship, Alaska has opportunities to further develop the sector. Design sprints, a startup accelerator, and other tailored programs could further the opportunities in the sector for Alaska entrepreneurs.
- Explore opportunities to attract and retain residents to the state. The idea of attracting teleworkers, entrepreneurs, and workers from in-demand fields could help grow the Alaska economy.

Chugach State Park. Photo Credit: Ciara Zervantian.



Alaska's Outdoor Economy

1st

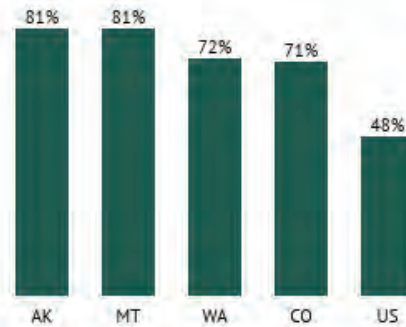
Alaska's ranking for outdoor participation
(tied with Montana).

Source: Outdoor Industry Association



Outdoor recreation spending in Alaska.

Source: CED



81% of Alaskans that participate in
outdoor recreation compared to a U.S.
average of 48%.

Source: Outdoor Industry Association

58%



of Alaskans say "opportunities for outdoor
activities" are a reason they live here.

Source: Fix, 2007

38,100

The number of jobs supported as a
result of outdoor recreation
spending in Alaska.

Sources: CED and IMPLAN



61%

of visitors engage in at least one
outdoor recreational
activity in Alaska.

Source: Alaska Visitor Statistics Program



Figure 1: Alaska's Outdoor Economy

II. Introduction

Shawn Thelen calls Talkeetna “the perfect little place to succeed.”

Shawn Thelen calls Talkeetna “the perfect little place to succeed.” He dreamed of moving to Alaska since 2000 and finally made it happen: In May 2018 he opened North Shore Cyclery in Talkeetna. North Shore is a full-service bike shop selling custom built bikes and offering bike rentals, guided tours, camps, and repair. While Thelen started his business out of his love of bikes, he chose to launch in Talkeetna because of his love of the community. He says “I follow my heart, never my brain. My heart was speaking to me because of the people and my draw to the mountains.”

Businesses like North Shore Cyclery is just one of an uncountable number of Alaska firms benefiting from about \$3.2 billion in consumer spending tied to outdoor recreation in the state, according to CED’s analysis. This spending percolates throughout the state economy, helping to create 36,500 jobs.

Our state name, Alaska, is derived from the Aleut word Alyeska, meaning “Great Land.” And clearly, residents of this state agree on the merits of its vast landscapes. With an estimated 81% of the population engaging in outdoor activities, Alaska is ranked the highest in the nation for outdoor recreation participation, along with Montana. Nationally, the rate is under 50%.⁴

Access to the great outdoors is a defining feature to life in the 49th State. In one survey, 58% of the respondents reported that outdoor recreation is the reason they live in Alaska.⁵ A slew of other figures supports this: in 2017, one in three adult Alaskans purchased a fishing license and one in six purchased a hunting license—the highest per capita rate in the U.S. for both activities. Nonresidents see the merits too, as the state is also a major destination for outdoor recreation. In the summer of 2016, 61% of the roughly two million visitors participated in at least one outdoor recreation activity during their stay.⁶

*North Shore
Cyclery, Talkeetna.
Photo Credit: North
Shore Cyclery*



Various studies report that at the national level the outdoor recreation industry is large and growing. The U.S. Bureau of Economic Analysis (BEA) calculates that the outdoor recreation economy accounted for 2.2%, or \$412 billion, of the national GDP in 2016. The Outdoor Industry Association, using a different methodology and approach, estimated consumer spending on outdoor recreation to be \$887 billion in 2017.⁷

Around the U.S., other measures of outdoor recreation are ticking upward. Commentators describe growing visitation to National Parks as a “surge” requiring access improvements.⁸ Cities like Bend, Oregon, crowned as outdoor havens, experience booming economies and business expansion.⁹ Outdoor and hiking retail stores have posted steady growth in revenues and employment for several years.¹⁰

Value Added to U.S. Economy Through Outdoor Recreation

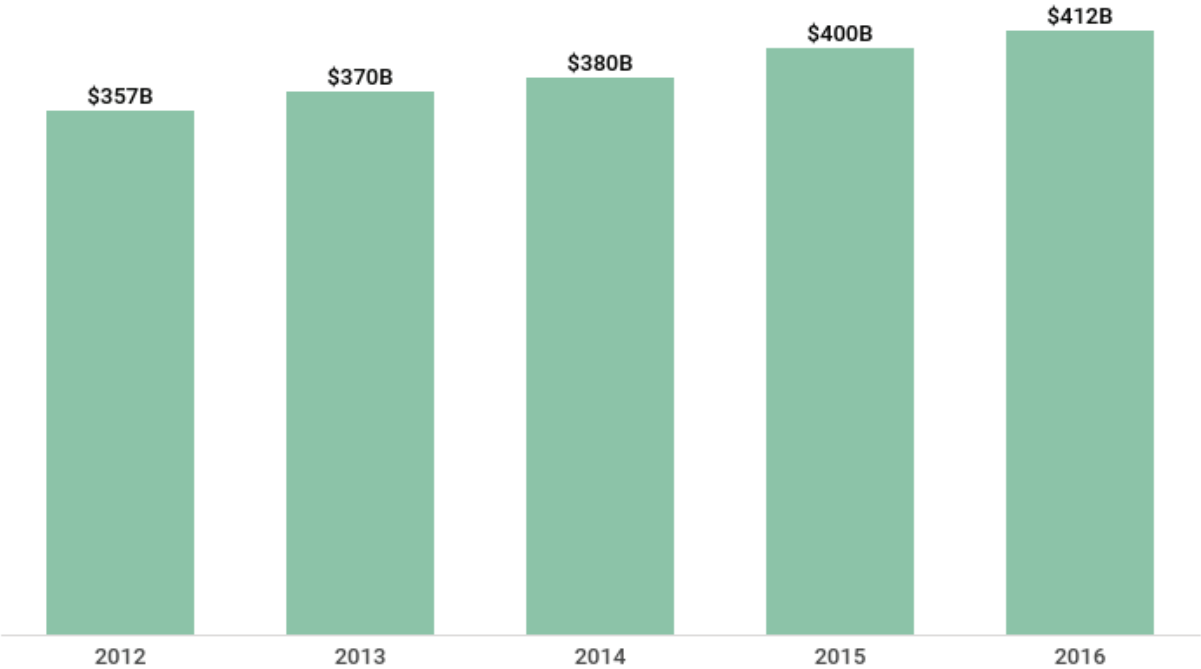


Figure 2: Value Added to U.S. Economy Through Outdoor Recreation Source: BEA

Defining Outdoor Recreation

A key question for this study is, how is outdoor recreation defined? Which activities are included and which are not? The definition of outdoor recreation is fluid and varies depending on the organization doing the analysis. BEA and OIA use different definitions and approaches and come to substantially different estimates for the size of the industry.

For this report, outdoor recreation is defined according to activities for which comprehensive and reliable data exists. Information concerning participation in the outdoor activities is primarily available from land and wildlife management agencies (i.e. U.S. Forest Service or the Alaska Department of Fish & Game (ADF&G)). The report targets the most complete sources for statewide data by activity. Activities included are:

Activities included are:

- Fishing
- Hunting
- Wildlife Viewing
- Hiking/Walking/Backpacking
- Camping
- Bicycling
- Boating
- Snowmachining
- ATV and Other Motorized Activities
- Downhill Skiing/Snowboarding
- Cross Country Skiing
- Gathering Forest Products

The activity categories include the combined economic activity derived from resident and visitor populations. Some of the areas that induce a large percentage of visitor spending compared to residents are fishing and wildlife viewing. Examples of more resident-centric activities include snowmachining, hiking/walking, and hunting.

It should be noted that some activities entail non-recreation purposes. For example, hunting, fishing, and gathering forest products are done for food, and as traditional and cultural practices of indigenous Alaska Natives. Also, snowmachining and ATV use can be used simply for transportation rather than recreation. In this study, to the extent available data allows, only recreational usage is counted within the model. Some activities are difficult to split entirely, primarily fishing and hunting. For example, while sport fishing is done recreationally, it is also an activity that many Alaskans participate in to fill their freezers with food for the winter. Without interviewing or surveying individual sport fishing license holders about the main intent of their fishing activities, it is nearly impossible to separate the two.

*Tony Knowles Coastal Trail, Anchorage.
Photo Credit: Anchorage Parks Foundation*



Methods

Measuring the economic effects of outdoor recreation requires two main types of data: the level of participation in each activity, and the amount of money spent in conjunction with each recreational trip.

Participation-days are defined as the individual day that a person participates in an outdoor recreation activity. A single ski trip by one person for one day counts as one participation-day, for instance. CED found that visitors and residents combined account for about 10 million participation-days per year. In other words, the number of days spent recreating in one of the 12 activities, multiplied by the number of individuals who engaged in them, equals 10 million.

Spending is broken down by activity type, related specifically to trips spent recreating at least 30 miles from home. Spending categories include food, gasoline, lodging, user fees, guide services, and other expenses directly associated with

outdoor recreation activity. Across all 12 activities, the average person spends \$312 per day spent on the activity. CED utilized an input-output model to estimate the effects of this spending regarding employment and other measures.

Several government agencies track participation-days and expenditure data, including the National Forest Service, U.S. Fish and Wildlife Service, ADF&G and Game, Alaska Division of Parks and Outdoor Recreation, and others. For a detailed description of the methods used in this analysis, see Appendix A.

One gap in the expenditure data is equipment used in outdoor recreation, ranging from fishing gear to skis. Equipment spending data exists for some activities, but not all. In addition, as equipment can be used for multiple activities across multiple years, it is difficult to assign equipment purchases to specific participation-days and specific activities. Because of these issues, this report does not include equipment purchases in the economic impacts and focuses on trip-related expenses instead.

Shuyak Island State Park. Photo Credit: Lisa Hupp



III. Economic Impacts in Alaska

Though not always thought of as an industry, outdoor recreation is a major driver of economic activity in Alaska and the U.S. as a whole.

Contributing over \$400 billion to the U.S. economy in 2016, outdoor recreation drives consumer spending that boosts the accommodation, food service, retail, and manufacturing industries, among others. It includes direct consumer spending on activities and equipment, as well as a multiplier effect that ripples through the economy as money circulates after the initial purchase. Further impacts result from the influence of outdoor amenities on property values, government revenues, and business location decisions. These latter effects are particularly difficult to quantify but are discussed in Section IV of this report.

This section focuses on the most measurable slice of the outdoor recreation economy: trip-related consumer spending. Consumers in the state spend an estimated \$3.2 billion each year in connection to their outdoor trips, ultimately resulting in 38,100 jobs. This excludes purchases of equipment used in outdoor recreational activities, for which suitable data is lacking, although the effects are likely similar in magnitude. The spending breakdown of individual activities is shown below, with wildlife viewing leading the pack with \$2.2 billion in expenditures.

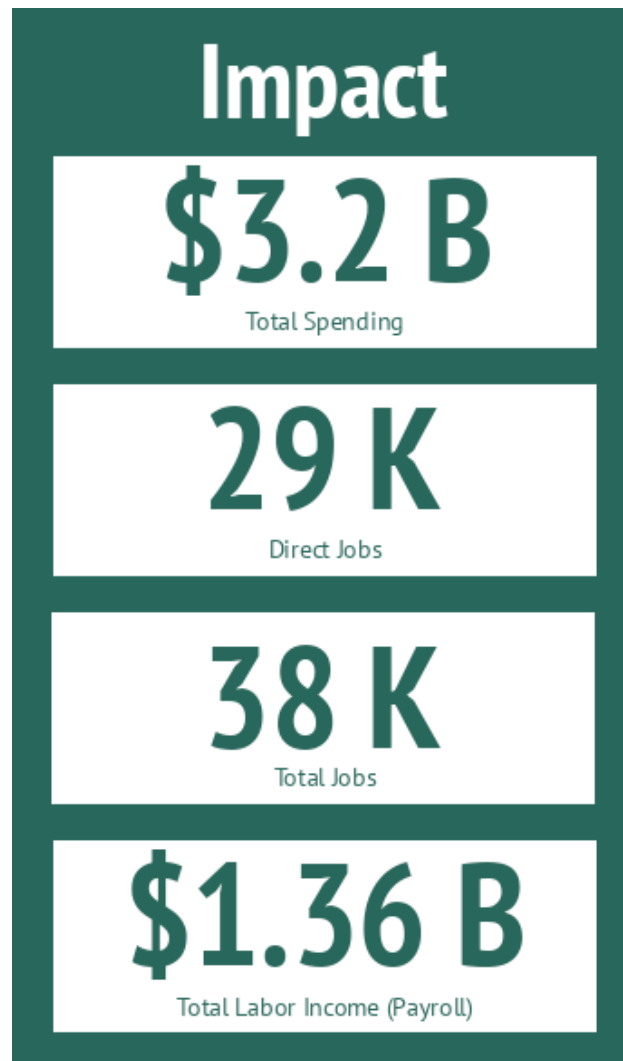


Figure 3: Outdoor Recreation Economic Impact

Participation and Consumer Spending by Activity Type









	Activity	Participation-Days	Total Activity Trip Related Spending*
	Wildlife Viewing	5,159,000	\$2,196,544,590
	Fishing	1,982,300	\$654,436,522
	Backpacking/Hiking/Walking	1,880,489	\$38,479,486
	Boating	233,137	\$1,910,782
	Hunting	174,880	\$161,980,957
	Camping	172,748	\$34,478,583
	Bicycling	164,275	\$2,922,881
	Gathering of Forest Products	119,293	\$6,996,935
	Snowmachining	68,085	\$49,142,265
	Cross-country Skiing	56,226	\$3,907,022
	ATV/OHV/Other Motorized Activities	31,694	\$2,966,795
	Downhill Skiing/Snowboarding	21,698	\$2,035,155
	Total	10,063,825	\$3,155,801,973

Figure 4: Participation and Consumer Spending by Activity Type. Does not include equipment related expenditures. Source: CED calculations.

See Appendix A for description of sources and methods

Outdoor Recreation Trip Related Spending: Impacts on Alaska's Economy

When trip-related expenditures filter through the economy, outdoor recreation spending supports jobs, wages, government revenues, gross sales to businesses, and contributions to Gross State Product (GSP). The direct effects are the largest and, as the name implies, are the direct impact

that trip related outdoor recreation spending has on the industries where those dollars are being spent (i.e. restaurants, lodges and hotels, guiding businesses, etc.). Indirect effects are the changes to the industries that supply the directly affected businesses, such as wholesaler that supplies food to restaurants. Induced effects result from employees in the affected industries spending their wages (i.e. hotel staff spending money at restaurants and getting haircuts).

The Flow of Economic Impacts

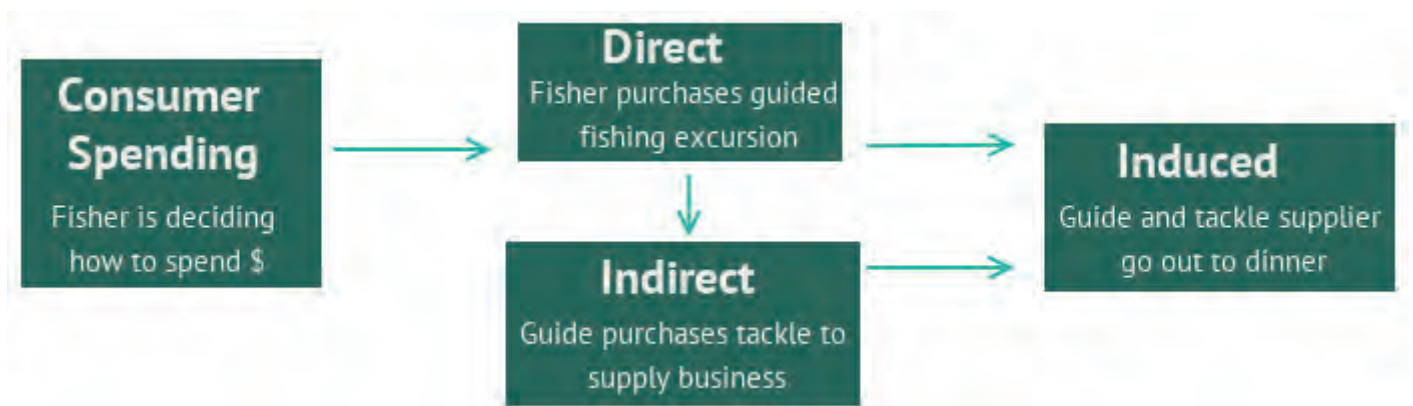


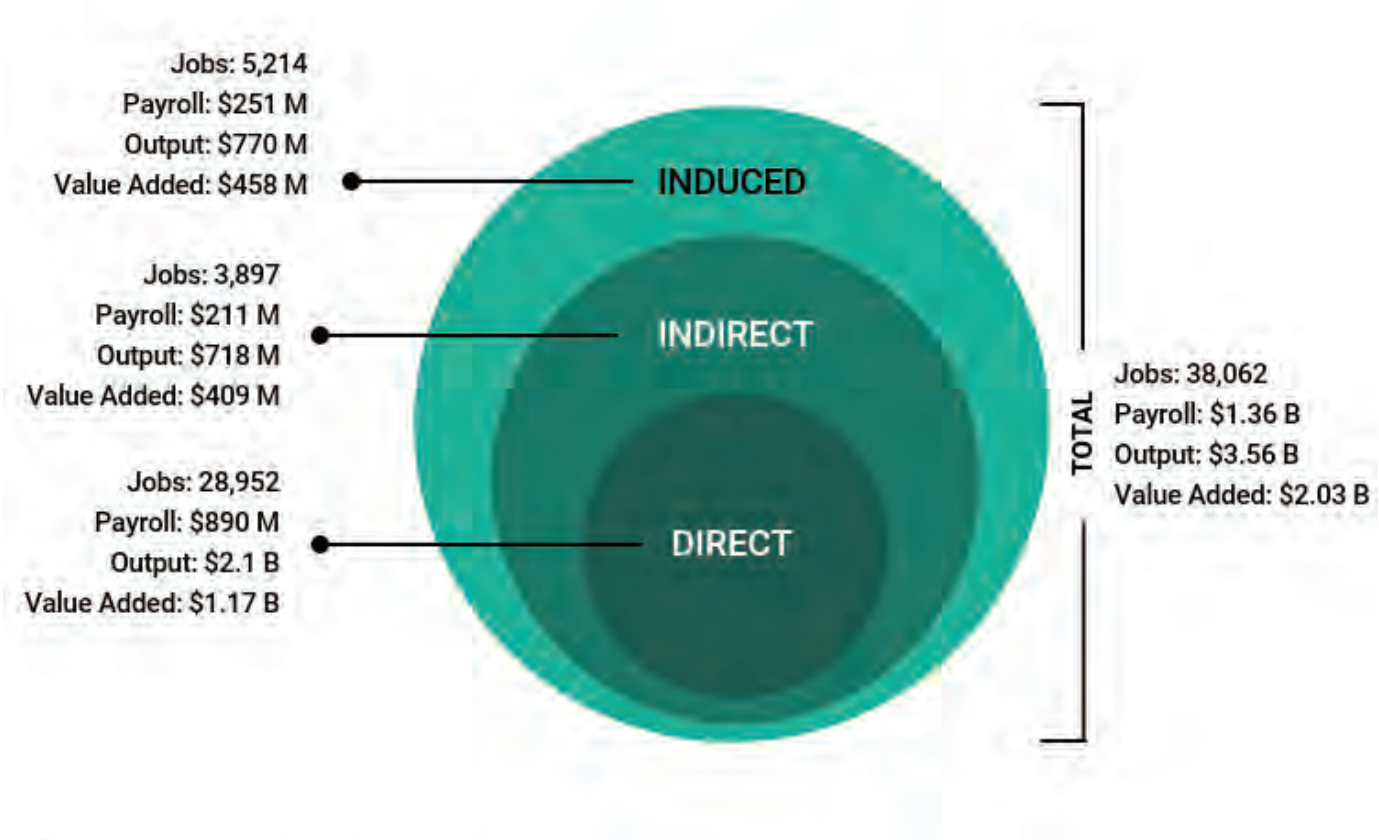
Figure 5: The Flow of Economic Impacts, Source: CED



Anglers on Kenai River
Photo Credit: Alaska Division of State Parks

Using trip-related outdoor recreation expenditure information, CED performed an impact analysis to calculate the direct, indirect, and induced effects of outdoor recreation spending on Alaska’s economy.

Economic Impact of the Outdoor Recreation Industry



Numbers may not add up due to rounding

Figure 6: Economic Impact of the Outdoor Recreation Industry
Source: IMPLAN, CED Calculations

Employment

Using an input-output model,¹¹ CED estimates that outdoor recreation trip expenditures in Alaska support 38,100 jobs. Of those, approximately 29,000 jobs are direct, 3,900 are indirect, and 5,200 induced. This represents a discrete part of the industry, which almost entirely focuses on trip-related spending. In reality, the actual size of the industry would be greater when other expenditures are included.

Total employment in the state averaged 328,000 in 2017.¹² As an industry within Alaska's economy, approximately 1 in 10 jobs in the state are related to the outdoor recreation industry.

Labor Income

Paralleling industry employment related to outdoor recreation, CED estimates that trip related outdoor recreation spending supports \$1.36 billion in wages, earnings, and benefits. The majority of this income, an estimated \$890 million, is derived from the direct effects of outdoor recreation spending. The remainder is an estimated \$211 million of indirect income and \$251 million of induced earnings.

The labor income for the outdoor recreation industry averaged at roughly \$50,000 per job, including benefits, which is comparable to the average Alaskan's annual salary.¹³

Economic Output and Gross State Product (GSP)

CED estimates that the output related to the outdoor recreation economy, with regard to trip-related spending, at \$3.56 billion dollars. Economic output is the value of industry production, closely related to the gross revenues of businesses affected by recreation spending. Of that, approximately 60% is related to the direct effect of consumer spending.

CED estimates that the value added contribution of the output of the outdoor recreation industry to be \$2.1 billion. The value added impacts of the outdoor recreation industry are the total contributions to GSP that each individual business in the industry makes. Value added is the same as output, minus the cost of intermediate consumption.

As the effects to GSP trickle through the economy, an estimated \$1.17 billion are direct effects. A further \$409 million and \$458 million in indirect and induced effects, respectively, round out the total impacts to Alaska's GSP.

*Visitors Prepare to Mush.
Photo Credit: Denali Dog
Sled Expeditions*



Gaps in the Economic Picture

It should be noted that the consumer expenditures described above represent a conservative estimate of statewide economic activity surrounding the outdoor recreation industry. The available data does not include a large amount of local activity and the estimates of consumer expenditures do not include equipment purchases, resulting in estimates of economic impacts for each activity that are most likely underestimating the real effect.

The Less Defined Impacts of Local Parks and Trails

Recreation at local parks—those within cities and residential areas—has significant economic impacts. One report estimates that local parks generated \$154 billion in economic activity in 2015.¹⁴

On the local level in Alaska, recreation is not extensively tracked and reported. Therefore, it is difficult to estimate the true economic impact of local trails and parks. For example, in Anchorage local parks such as Kincaid Park host free outdoor activities year round, but participation and visitation are not formally tracked. In Fairbanks, Ski Land is a popular destination that is similarly not tracked through an accessible dataset.

To provide some perspective on the breadth of outdoor recreation in local parks, consider this example. Over a decade ago it was estimated that 77% of Anchorage residents use the local trail systems, of which 85% of the usage was for recreation.¹⁵ The result is significant usage of local trails in the Anchorage area, with activities such as biking, running, walking, rollerblading, and skiing. In June of 2016 the Coastal Trail saw average daily traffic of 1,300 pedestrians.¹⁶ The assumed impact of the economic activity surrounding that trail usage is likely significant, but not yet known.

Equipment

Available spending data largely focuses on trip related spending and, therefore, leaves out equipment related expenditures. While spending on equipment is significant and, for the most part, closely related to participation in outdoor recreation activities, it is more infrequent and cannot always be directly linked to specific trips. An avid snowmachiner does not purchase a snowmachine for a specific trip they have planned. Instead, it is usually used for multiple trips throughout the winter over multiple years.

CED previously estimated that Alaskans spend a total \$166.5 million on gadgets, apparel, equipment, and footwear each year. This does not include all categories of outdoor products, like ATV's, for instance. While not all of that \$166.5 million is spent at Alaska businesses with the rise of online shopping, the success of outdoor products businesses in the state show that the in-state spending effect is significant for local businesses.¹⁷

Looking at equipment spending from a different angle, expenditures on fishing alone are illustrative of large impacts. CED estimates consumers spent \$501 million on equipment for sport fishing in Alaska in 2017 (residents spent \$448 million and non-residents spent \$52 million).¹⁸

Revenues to the State of Alaska

A component of the outdoor recreation industry that is important, but not fully represented in the economic impact analysis above, is the revenue that the state derives from outdoor recreation participation. People participating in one or many of the outdoor activities examined here purchase hunting and fishing licenses, pay for day parking or buy parking passes for State Parks, pay campground fees, pay boat launch fees, and rent public use cabins. All of these provide revenue to support the State of Alaska government agencies that regulate them.

The State of Alaska Division of Parks and Outdoor Recreation (DPOR) and ADF&G are the two major state agencies that directly derive revenues from outdoor recreation. In the 2018 fiscal year, DPOR collected roughly \$3.8 million in revenues from fees associated with outdoor recreation participation. In the 2017 calendar year ADF&G collected roughly \$33 million in revenues from selling licenses and tags for hunting and fishing.

Alaska State Parks Ranger. Photo Credit: Alaska Division of State Parks



The Impact of One More Day Outside

A tour company in Alaska launches a new advertisement campaign encouraging visitors to participate in their new guided hike to Byron Glacier. The University of Alaska starts a new program encouraging new students to engage in the outdoors through tailored activities. Alaska State Parks hosts “First Day Hikes” to offer guided hike or ski excursions as part of a national campaign.

Various public and private initiatives exist to increase outdoor participation, for reasons of wellness, quality of life, and commerce. But what is the measurable effect of an increase in outdoor activity on the Alaska economy? The impacts of increased participation in outdoor recreation can be viewed from two angles: through the participation of residents and the participation of visitors. If half of each group spent one more day outside, the result would be almost 1,800 new jobs.

Visitors

As a major destination for outdoor tourism, the impacts of the outdoor recreation related visitation are significant. Data from the Alaska Visitor Statistics Program indicates that 61% of visitors to Alaska participate in at least one outdoor

recreation related activity during their stay. That means in the summer of 2016, 1.13 million visitors participated in at least one outdoor recreation activity defined by the current study.¹⁹

To provide a picture of the impacts increased outdoor recreation visitation could have on the economy, imagine that half of the visitors in 2016 that participated in at least one outdoor recreation activity decided to stay an extra day to add an additional outdoor adventure to their trip.

The result of the extra day for these visitors would be in \$64.5 million in new spending in Alaska, creating 1,154 additional jobs. The labor income from these jobs would be over \$40 million.

Residents

Although it is clear that the visitor industry makes significant contributions to the outdoor recreation economy, equally important is the resident component. OIA reports 81% of Alaskans participate in outdoor recreation annually at some level, although not all are frequent participants.²⁰

If 50% of Alaska’s outdoor-active population spent one additional day engaged in an outdoor trip, they would spend over \$34 million. In the process, that spending would create 610 jobs with a payroll of over \$21 million.

*Hatcher Pass
Photo Credit: Alaska Division of
State Parks*



Economic Impacts of One More Day Outside



Figure 7: Economic Impacts of One More Day Outside, Source: IMPLAN, CED Calculations

Case Study: Olnes Pond

In its Ten-Year Strategic Plan, DPOR identified a strategic goal of “investigate innovative ways to expand diverse recreational opportunities both within existing parks and by establishing new types of parks such as underwater and water trails, maritime heritage, scientific, educational, ecological, and motorized recreation parks.”²¹

Located just north of Fairbanks, in the Lower Chatanika State Recreation Area, is the newly refurbished Olnes Pond campground. Recent refurbishments were designed with the above mentioned goal in mind. The campground hosts 12 campsites, a public use cabin, a stocked pond for fishing, and day parking.

Recent upgrades to the campground and the surrounding areas have included road repairs and maintenance upgrades,²² new picnic tables, updated fire pits, and other campsite improvements.²³ While most of these improvements are intended to accommodate current use and prevent resource damage, the recent investment highlights the area as an important regional asset and its status as a local favorite.

The site hosts a diverse range of activities, including camping, fishing, hiking, berry picking, boating, ATV/snowmachining, ice fishing, dog sledding, and cross country skiing. However, the star of the campground is the connected network of trails that support year-round motorized activities. Through a recreation trail grant, the DPOR recently invested to create a designated motorized usage area.

The area has long been a haven for ATV and snowmachine riders. Trails spider web out in every direction from the campground. Riders with the applicable, up-to-date permit can also access the Alyeska Pipeline Right-of-Way and ride along the pipeline.

Over the summer of 2017, the site saw about 19,500 visits. CED estimates that those visitors generated approximately \$432,000 in trip-related consumer spending directly linked to their recreation at Olnes Pond. Over the past two years, the campground itself generated \$20,000 in revenues for the State through camping and parking fees, as well as cabin rentals.

Olnes Pond Public Use Cabin Photo Credit: Alaska Division of State Parks



Case Study: K'esugi Ken

Since officially opening in 2016, the K'esugi Ken Campground in Denali State Park has quickly become one of the most popular campgrounds in the State Parks system. The site buzzes with activities in the summer and winter and adds to a suite of amenities available to travelers to the Denali area.

The K'esugi Ken campground hosts 32 RV sites with electric hookups, 10 walk-up tent sites, and 3 cabins. The newly opened campground is also home to an interpretive center and is the location of the trailhead for the newly completed Curry Ridge Trail, a three-mile-long developed trail to an alpine lake.

The facility, located just off the Parks Highway, is an ideal launch pad for a variety of activities, including camping, hiking, and snowmachining. Within a short drive, other available activities include backpacking, boating, cross-country skiing, and dog mushing.

With Cantwell to the North and Talkeetna in the South, the site is the southernmost of the State Parks campgrounds in Denali State Park. Located adjacent to Denali National Park, the region sees high volumes of traffic in the summer with visitors traveling to see Denali and residents camping over the weekends. In 2017 Denali National Park hosted 643,000 visitors, or about a third of the state's total visitors.²⁴

The area is also a major artery through the state for travelers moving between the Interior and Southcentral Alaska, all of which makes K'esugi Ken a valuable addition to visitor amenities in the region.

In its first full year of operations, the campground saw approximately 8,000 visitors, which CED estimates spent approximately \$694,000 in trip related spending. From those visitors, the State of Alaska collected roughly \$152,000 in revenues from parking, camping, and cabin fees. These fees support the operating budget of the Alaska State Parks system.



*K'esugi Ken Campground
Photo Credit: Erin Kirkland/AK
on the Go*

IV. The Nexus of Outdoor Recreation, Quality of Life, and Economic Development

“Our outdoor recreation is second to none,” explains Moira Gallagher of the benefits to living in Anchorage, Alaska.

Gallagher leads the Live.Work.Play initiative of the Anchorage Economic Development Corporation (AEDC), which seeks to make Anchorage the top ranked city in the U.S. to live, work, and play in by 2025. “We have more acres of parkland than any other city in America. You can get on your bike and be in the Chugach foothills 10 minutes later. In the winter, you can ski in Kincaid Park on the lighted trail, or go to the downtown tree-lighting ceremony. In the summer, visit your favorite fishing hole at Ship Creek or ride miles of bikes trails.”²⁵

But is the great outdoors a reason to live in Alaska or just a side benefit? As it turns out, six out of 10 Alaskans say access to outdoor spaces is a major reason for living in the Last Frontier.²⁶ That,

taken together with some of the highest outdoor participation rates in the country, means it is probable that outdoor recreation opportunities is a factor that draws people to the state, and keeps them here.

Livability and desirability of location are important factors in a state where nearly 60% of residents were born elsewhere.²⁷ From an economic perspective, Alaska’s small population and its dependence on new residents to fill jobs places a premium on quality of life. In AEDC’s annual Business Confidence Survey, businesses consistently cite the “availability of professional/technical workforce” as one of the top five barriers to growth (59% said so in 2018, for instance).²⁸ To the extent that outdoor recreation draws new residents to Alaska, it contributes to the economy as a workforce attractant—in addition to being a stimulus for spending as explored earlier in this report.

Yoga in Anchorage. Photo Credit: Chris Arend Photography



Outdoor Recreation as Quality of Life

As discussed, Alaskans are particularly active in the outdoors compared to their Lower 48 counterparts. In terms of economic impacts, the quality of life contributions of outdoor recreation are difficult to measure. However, available data points to Alaska’s outdoor offerings as a major motivator for living in the state. In the Alaska Resident Statistics Program (ARSP) survey, 58% of respondents cited “opportunities for outdoor activities” as a reason for choosing to live in Alaska. About half called out fishing and hunting opportunities specifically.²⁹

Alaskans’ Reasons for Living in Alaska

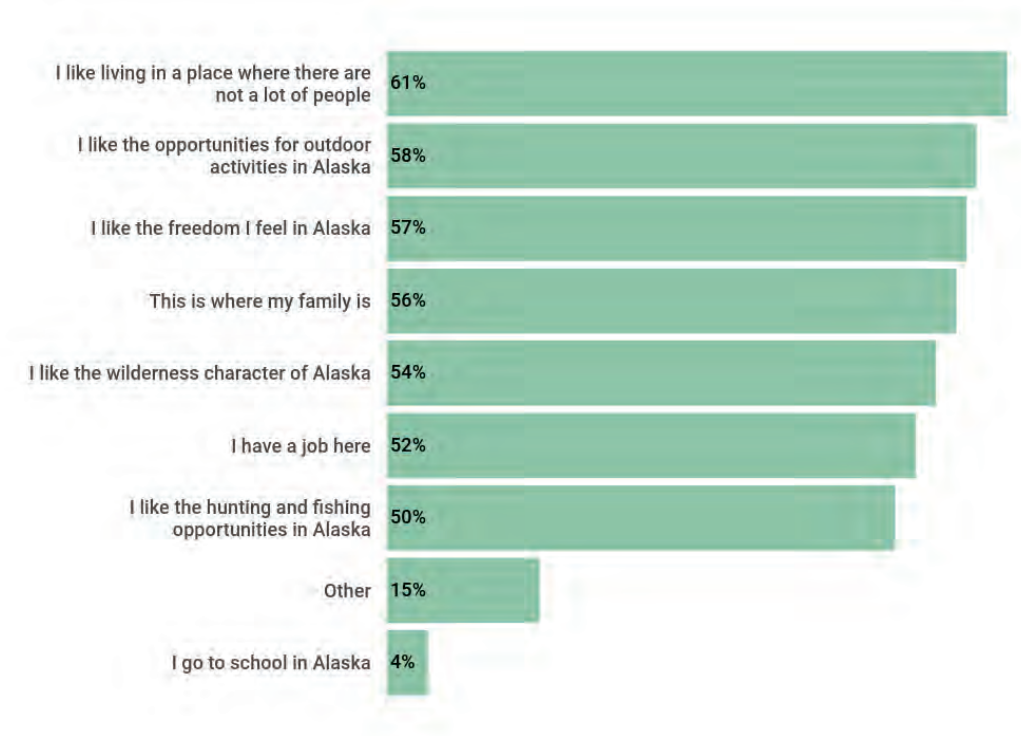


Figure 8: Alaskans’ Reasons for Living in Alaska Source: Alaska Resident Statistics Program

A growing share of Americans are deciding where to live based in part on access to recreational opportunities. Referred to as amenity migration, social scientists have noted this trend particularly with regard to the Western U.S., which has seen high rates of population growth in recent decades. Amenity migration is the tendency of individuals to move to a location based on its cultural or natural attractions, and not simply for employment or financial reasons. Researchers believe this type of relocation is an increasingly important motivator in migration patterns. As one academic report stated, “the desire among urban populations to possess an idealized rural lifestyle is seen by many scholars as a powerful transformative factor, particularly in light of technological and workplace changes that allow many white-collar workers to work remotely from almost anywhere.”³⁰

Preference for living near outdoor amenities translates down to the neighborhood level as well. Most Americans prefer to live in neighborhoods that offer some degree of outdoor access, according to the National Association of Realtors’ National Community and Transportation Preferences Survey. Four of the top seven most important factors in deciding where to live concern outdoor recreation, as shown in the table below. Millennials score these factors even higher than the population at large.³¹ AEDC’s 2018 Housing Survey reported similar findings among Anchorage residents: 59% preferred to live in close proximity to parks and trails.³²

Anchorage Residents’ Preference for Housing Area Amenities

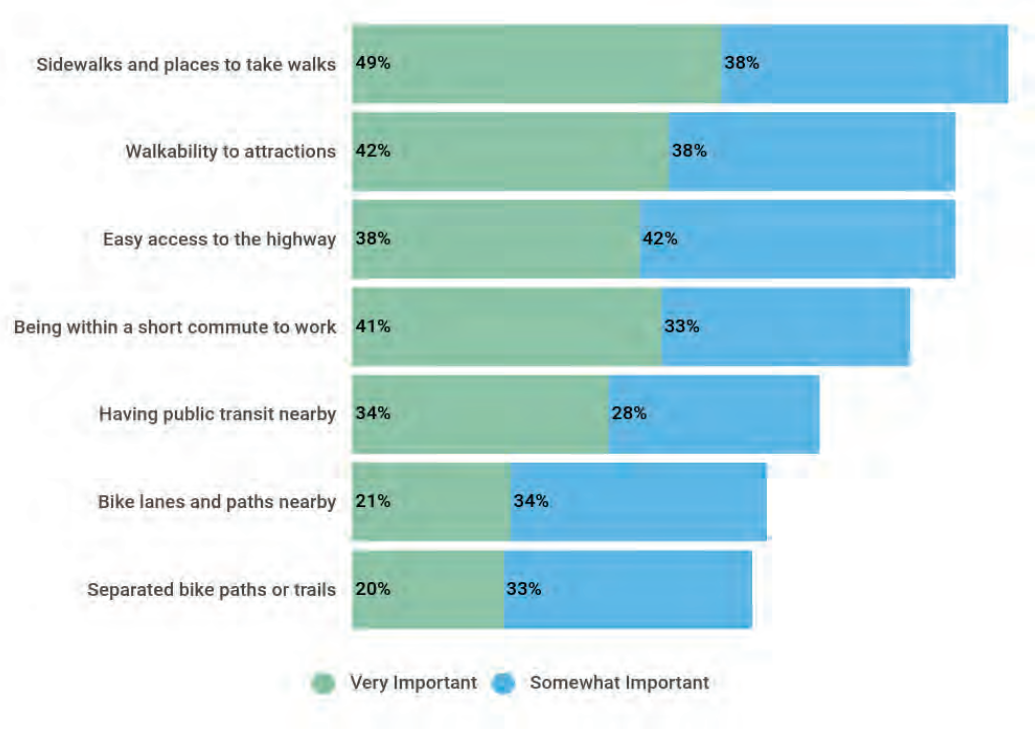


Figure 9: Anchorage Residents’ Preferences for Housing Area Amenities Source: AEDC

Quality of Life and Economic Development

Amazon's 2018 announcement of a nationwide search for a second corporate headquarters, dubbed HQ2, set off a frenzy of speculation as cities competed to host the tech giant. With a promise of 50,000 high-paying jobs and \$5 billion in capital expenditures, the stakes were high. The company's request for proposals listed several criteria that would influence the final decision, including factors like site availability, financial incentives, and a talented labor force. Also among the criteria was quality of life. "We want to invest in a community where our employees will enjoy living, recreational opportunities, educational opportunities, and an overall high quality of life," the Amazon document explained.³³

Although the scale and publicity of the search for an HQ2 location may have been unusual, corporate site selection is a routine practice as companies move or expand. The criteria site selectors use in making relocation decisions can be complex, and vary from one industry to another. Area Development, a national economic development magazine, conducts an annual survey of corporate executives about their relocation plans and needs. Infrastructure, labor, and costs are all major factors in relocation decisions, but 87% cited quality of life as an important consideration.³⁴ One study notes that among knowledge-based industries like telecommunications, biotechnology, and software, "an increasing number of firms are seeking locations that will attract and retain a well-educated workforce. Thus, areas offering cultural and recreational amenities (e.g., theaters and bike trails) could have a competitive advantage over places that do not."³⁵

Businesses Preferred Amenities

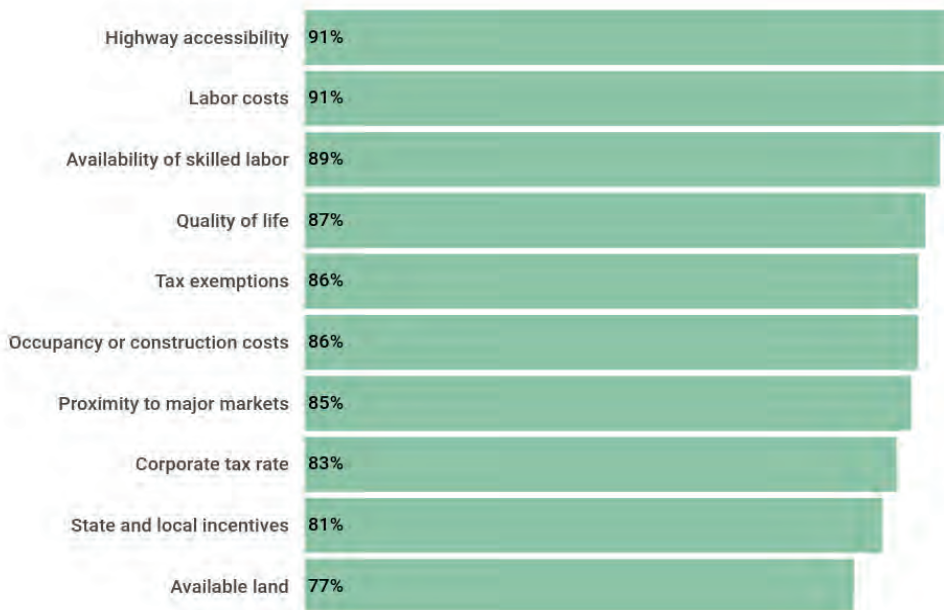


Figure 10: Businesses' Preferred Amenities Source: Area Development Magazine

Attraction of firms is only one aspect of economic development, and one not especially well-suited to Alaska with its remoteness, high costs, and lack of financial incentives. A growing school of thought points to the attraction of talented individuals instead of businesses as a development strategy. The idea is that individuals who choose to live somewhere based on its quality of life, including outdoor amenities, may contribute economically working remotely for a firm out of state, new entrepreneurial projects, or other means. As described by one source, “new development is driven by a high quality physical and social environment that attracts footloose, self-employed or telecommuting individuals, many of whom bring with them other forms of capital, e.g. home equity and investment income.”³⁶

Attraction of remote workers who live in a different location than their employer is an emerging concept among economic developers. In 2018, the State of Vermont announced its Remote Worker Grant Program that will pay up to \$10,000 to remote workers who move to the state as part of a broader attraction campaign called Think Vermont. In addition to arts and local culture, Think Vermont promotes the state’s natural beauty, mountain biking, hiking, and skiing opportunities.³⁷ With a shrinking, aging population, Vermont policymakers believe the effort can help to revitalize the economy on the strength of its quality of life.

Vermont’s attraction efforts are too new to evaluate as a success, but they raise interesting possibilities for Alaska. In 2016, 43% of employed Americans worked remotely at least some of the time, an increase from prior years. Analysts expect the practice to become even more routine thanks to better communications technology.³⁸ This trend raises the possibility of Alaska launching focused efforts of its own to attract remote workers who might seek to live in a place with an abundance of natural spaces.

Gaps Remain

While keen to praise Anchorage’s trail system, AEDC’s Gallagher is candid about the barriers to leveraging outdoor recreation for economic growth. Employers recruiting job applicants from the Lower 48 often cite lack of housing as a major challenge, regardless of the abundance of outdoor activities available. Homes in the city (and Alaska as a whole) are expensive and not always located near major trails, which deters outdoor enthusiasts from relocating to the 49th State. Signage and maps on the trails is limited, making them intimidating for those who are unfamiliar with the routes. Winter darkness, perceptions of trails as unsafe due to crime, and encounters with wildlife prevent them from being used to their full potential. Most neighborhoods in Alaska communities are not walkable either, a highly-weighted criteria on housing preference surveys.

While some of these gaps are difficult to overcome in the short-term, particularly housing, Gallagher points out strategies in place to address some of the issues. AEDC is working with the Anchorage Parks Foundation to improve signage on the trails through private sector sponsorships and other donations. She also mentions projects like the redevelopment of the Chester Creek Greenbelt, which would connect downtown to several neighborhoods and the University of Alaska Anchorage campus.

Case Study: Colorado, Growing the Outdoor Recreation Industry from the Bottom Up

VF Corporation is not a household name among outdoor consumers in the same manner as REI or Patagonia. But if you have ever purchased North Face, JanSport, or Smartwool products, then you are one of its customers. In August 2018, VF Corporation announced that it would relocate its global headquarters to Denver, Colorado in a move that would make it the state's largest publicly-traded company. Although CEO Steve Rendel acknowledged that \$27 million in tax credits factored into the decision, he emphasized other advantages to being headquartered in Colorado including an abundance of outdoor spaces and attractiveness to a talented workforce. VF Corporation's announcement marked a crowning achievement in Governor John Hickenlooper's stated goal of attracting outdoor industry to the state.³⁹

The partnership between outdoor recreation and economic development comes naturally to a state known for its skiing, National Parks, and mountain vistas. In 2015, Colorado became one of the first states in the country to open a state government office focused on outdoor recreation to serve as a central point of contact for the industry. In addition to leading initiatives in conservation, education, and health, the Colorado Outdoor Recreation Industry Office (OREC) promotes economic development through business attraction (like VF Corporation) and capacity building in rural communities.⁴⁰

OREC's rural initiatives include participation in Blueprint 2.0, the Colorado Office of Economic Development and International Trade's plan to promote growth in rural areas. One strategy under Blueprint 2.0 is Initiative: Grow Your Outdoor Recreation Industry. Rural communities that participate in the program are assigned a team from the University of Colorado--Boulder's Masters of the Environment and Master of Business Administration programs who performs a three-phase assessment and a training workshop. The end result is a strategic roadmap to grow the outdoor industry in the community in a positive way that meets local needs.

THE 4 PRIORITY AREAS OF THE COLORADO OUTDOOR RECREATION INDUSTRY OFFICE

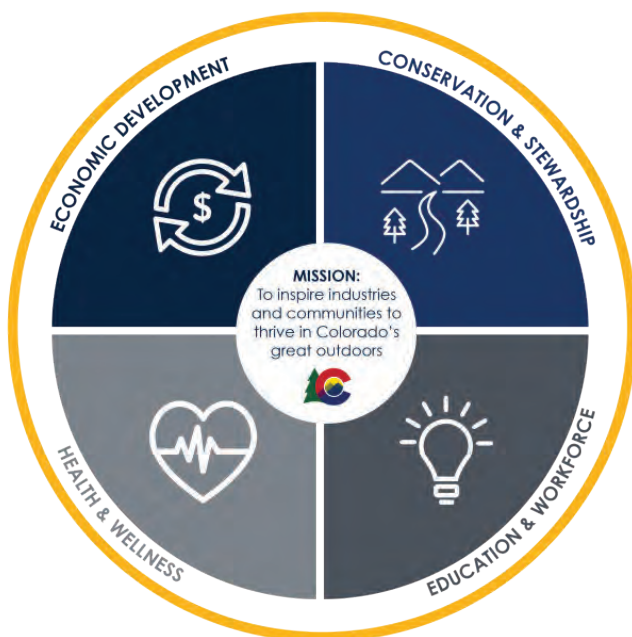


Image Credit: OREC

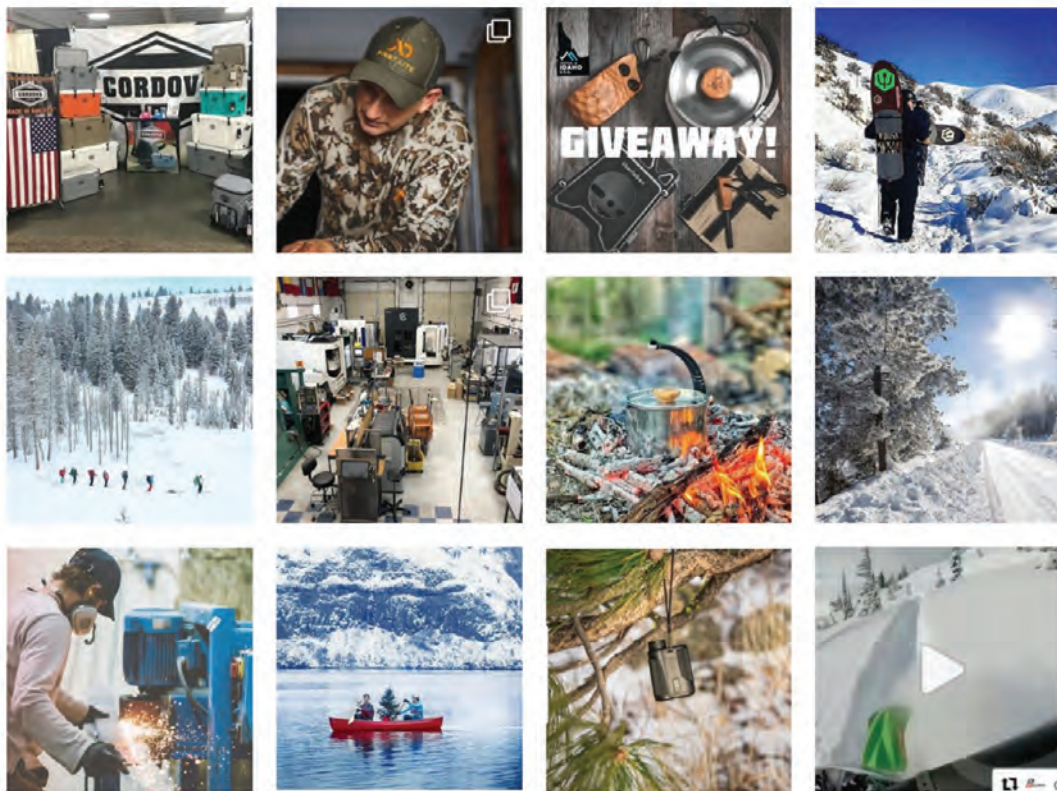
Case Study: Tested in Idaho

Picture a social media feed filled with polished images of happy people enjoying a wide range of fun activities on mountain slopes, lakes, and backcountry trails. Expertly composed photos show these fun-loving strangers fly fishing, resting on hammocks, and skiing--all equipped with what appears to be high-quality gear. Such content may not seem unusual coming from a friend or even a business, but the Tested in Idaho Instagram account is run by a state government.

The Idaho Department of Commerce counts “recreation technology” among eight key industries targeted for growth by state policymakers. Idaho is home to recognized brands in outdoor recreation, such as Aire and NRS Rafts, and scores of smaller aspiring gear companies. To strengthen the Idaho brand in outdoor gear, the Idaho Department of Commerce launched Tested in Idaho as a

marketing campaign. Through a website and Instagram account, the campaign features images of consumers enjoying bikes, apparel, kayaks, and other gear that is made or designed in the state, with stories to accompany each. “Recreation technology companies in Idaho have some of the most rigorous testing grounds for the products on earth. From the backcountry to whitewater, single track to powder--outdoor innovation is born in Idaho,” the website boasts.⁴¹

The website includes a searchable directory of Idaho outdoor product companies and regularly updated news content that spreads awareness of them. Tested in Idaho actively recruits outdoor gear businesses to join, and amplifies its social media following through a brand ambassador program. In the summer of 2018, Idaho Commerce led a Tested in Idaho Roadshow in several cities to drum up further publicity.



Images from the Tested in Idaho Instagram Account. Photo Credit: Tested in Idaho

Case Study: Bend, Oregon, Silicon Valley Outpost

“It’s 100% true,” Adam Krynicki says without hesitation when asked about the perception that Bend, Oregon benefits economically from its reputation as an outdoor haven. As Director of the Innovation Co-Lab, a business incubator at Oregon State University-Cascades, Krynicki sees the link firsthand. “Silicon Valley transplants come to work remotely or start new companies,” he says. “We’re surrounded by parks, National Forests, and we’ve got Mount Bachelor for skiing. It’s incredible here.”

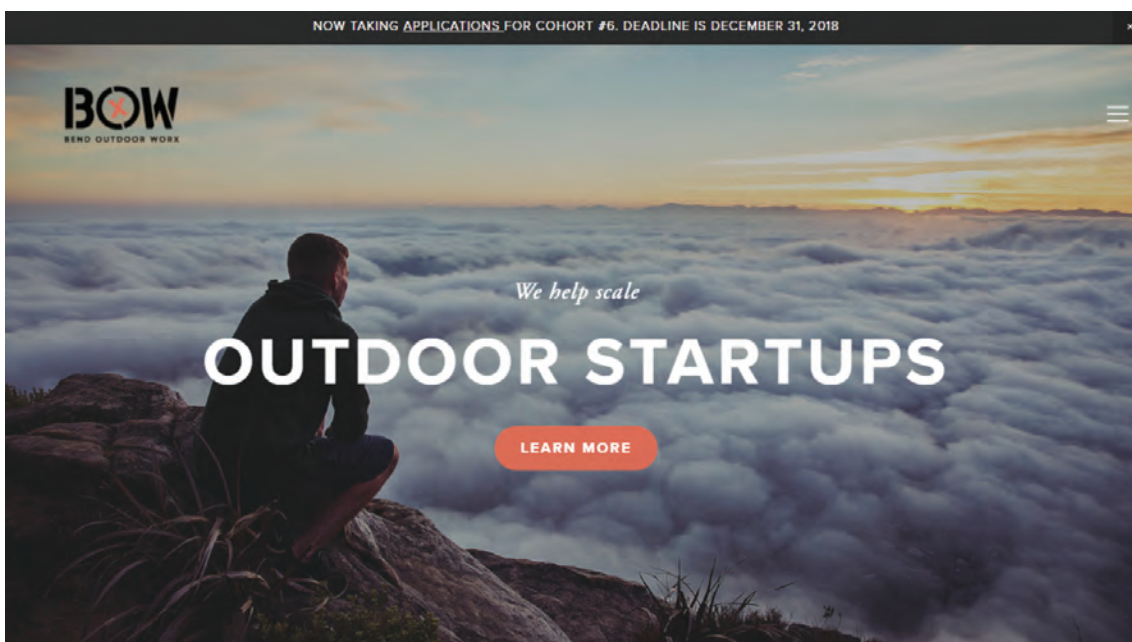
What do you get when you combine a high density of entrepreneurs with world class outdoor recreation? Naturally, a burgeoning outdoor products industry, centered in the Oregon town. Hydro Flask, the familiar insulated bottle company, is one example of a high-growth young firm that calls Bend its home.⁴² The city is also home to Bend Outdoor Worx (BOW), the first outdoor products accelerator in the country.⁴³

Like other startup accelerators, BOW accepts a small number of startups (currently three) into a cohort where they receive investment, mentorship,

and intensive programming designed to scale the companies. BOW’s founding team and mentors have experience among top brands in the outdoor products industry and can access decision makers at large firms. Recent cohort companies include Kidrunner, makers of a tow-behind stroller that enables parents to jog, and Rugged Thread, a repair facility for outdoor gear.

BOW runs a signature event called BreakOut, which it bills as the “first and only venture event focused solely on the outdoor industry.” The event is a venue for outdoor product entrepreneurs to pitch their startups for a chance to win cash. In 2018, the top prize went to Alaska-based Heather’s Choice, an adventure meal company.

Krynicki is quick to point out that while Bend is home to accomplished outdoor product entrepreneurs, other types of startups also flourish in the community. The companies he works with at the Innovation Co-Lab include software and tech firms unrelated to the outdoors--except for the leisure preferences of their founders. He chuckles that otherwise devoted entrepreneurs he knows work four-day work-weeks during ski season. “It’s a lifestyle here.”



BOW Website.
Photo Credit: BOW

V. Entrepreneurial Successes and Emerging Market Areas

A group of friends decides to go out hiking in Hatcher Pass north of Palmer on a sunny fall Saturday.

Before they head up the mountain pass, they fill up their truck with fuel and stop at a grocery store to stock up on snacks and sunscreen. After an afternoon of hiking the group heads down from the mountains and into Palmer, having built up an appetite over the long day. The friends stop at a local brewery for a beer and then head to a cafe for dinner, before heading home for the day. At each step before and after their adventure, this group of friends were supported by, and contributed to, local businesses.

The business of outdoor recreation is an opportunity that Wrangell Mountain Air has capitalized on. While a flight charter company may not seem like a traditional outdoor recreation business, co-owner Kyle Linton says outdoor recreation is “the reason we are in business”. Wrangell Mountain Air has three primary sources of revenue, one of them being specialized adventure

backcountry drop offs. Linton notes that it’s very rare that one of their customers is not in one way or another directly tied to outdoor recreation.

A critical component of the outdoor recreation economy in Alaska is the businesses supporting it. Some cater directly to the outdoor consumer. These businesses provide goods or services that enable people to participate in the great outdoors, such as guiding operations, equipment sellers, and rental companies. Others serve the outdoor economy less directly. Those are the businesses that find that, because of their location or the types of services offered, much of their customer base is made up of individuals participating in outdoor activities.

While many of these businesses are more traditional such as hotels, restaurants, guiding services, wildlife tours, etc., many have found specific niches or focused on curating a specific lifestyle. The entrepreneurs behind these businesses have found success by targeting non-traditional customers or building non-traditional business models.

Wrangell Mountain Air
Photo Credit: Wrangell
Mountain Air



The Business Balance: Resident and Visitor Customer Markets

Nestled in a valley surrounded by the Chugach Mountain Range with views at every angle, Girdwood Brewing Company's taproom oozes classic ski town charm. Brett Marengo, Co-founder and Brew Engineer at the brewery, attributes some of their success to their location, noting that Girdwood is a major destination for visitors in the summer and skiers in the winter. But despite the significant visitor population streaming through the town, Marengo notes that a large amount of their business is still from locals. Girdwood Brewing Company business model is a prime example of the balance between a business that depends both on resident and visitor spending and provides amenities for both visitors and residents engaging in outdoor recreation.

Girdwood Brewing Company is not what most would view as an outdoor recreation business; however, much of its customer base is derived from people participating in outdoor activities,

"Whether you are surfing the bore tide, riding Alaskan powder, pedaling the mountain bike trails, boating a nearby river, or landing a trophy fish, you can cozy up to a beer in our timber framed taproom."

– Girdwood Brewing Company

from skiing and biking to surfing the bore tide and fishing. Therefore, it would be reasonable to assume that development of outdoor opportunities in the area would have direct impacts on their business.

*Girdwood Brewing Company
Photo Credit: Girdwood
Brewing Company*



Cornering Underserved or Niche Markets

In 1982 Jon Nierenberg, owner of Denali Dog Sled Expeditions, starting dog mushing in the Denali area and has not stopped since. He now runs a thriving lodge and dog sled guiding business just 17 miles from the Denali National Park entrance. Nierenberg calls his and his wife's decision to build their lodge "deliberate." They decided to build based on the premise that "a good summer business would support a winter guiding business. They would complement each other."

Growth in park visitation and amenities has enabled the success of his business. While the bulk of the masses visiting Denali National Park arrive on package tours, Nierenberg notes that his focus has been on the visitor that wants to get off the bus and explore. Denali Dog Sled Expeditions certainly provides that, offering single and multi-day dog sled trips into the National Park as well as ski tours. His services cater to a different set of customers from the traditional park visitors and a different season entirely. Nierenberg has cornered a winter market for tourism and recreation in an area where he has little to no competition and a lot of interest from visitors traveling from the Lower 48 and abroad.

The traditional tourism market services large portions of the visitors that travel to Alaska, and 61% of visitor participate at least one outdoor activity during their time in Alaska. However, some visitors are looking for independent recreation opportunities. Businesses like Denali Dog Sled Expeditions are increasingly targeting those consumers.

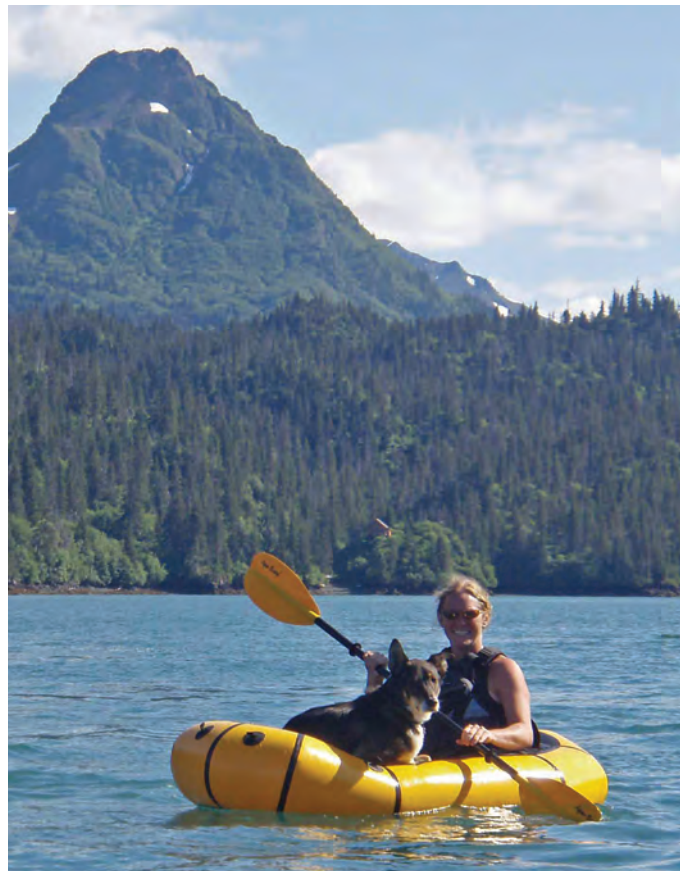
Alaska's winter tourism is an area of opportunity for businesses targeting the more independent traveler. Visitor volume during the fall and winter seasons has grown 33% over the last decade.⁴⁴ Many are international visitors seeking out the northern lights, but businesses have found success offering winter outdoor activities, from snowmachine tours to dog sledding and skiing.

Creating New Opportunities in Classic Markets

In the spirit of innovation, many Alaskans have built businesses around reimagining traditional activities to increase efficiency, improve safety, and have more fun. The classic example of this is Alpaka Rafts, an Alaska-founded packraft manufacturer (who has since left the state). Cofounder Sheri Tingey's famous redesign of packable rafts has developed an international following around her durable, lightweight raft. Alpaka has become an industry leader in the sport of packrafting.

Not alone in their innovation, Alpaka is joined by other Alaskan entrepreneurs designing yurt packages, soft-shell bike-packing bags, and gourmet backcountry foods. All of these businesses are innovating ways for outdoor enthusiasts to engage in established activities.

Packrafting. Photo Credit: Alpaka Rafts



Creating Inclusive Markets and Getting More People Outdoors

The lack of diversity in the outdoor recreation community has been a growing area of focus for planners and outdoor industry advocates. In a recent report by the Outdoor Foundation it was described that people participating in outdoor activities are predominately white, upper income, and well educated, and more than half are male.⁴⁵ The question of how to encourage a more diverse outdoor recreation community has weighed heavy on the minds of many. The U.S. Forest Service notes that “ethnic and racial groups may have different outdoor recreation preferences, constraints, and information needs than the traditional outdoor recreation participant.”⁴⁶ This is also a challenge that many in the private sector have begun to address as well.

“Our goal is to see more humans on bikes.”
– North Shore Cyclery

While the graph below indicates that on the national level outdoor recreation participants are predominantly white, and Native Americans as an ethnic group appear to be represented as the 2% of other participation. However, if this analysis were to solely focus on Alaska, it is likely that the balance would shift and Native Alaskan’s would represent a larger percentage than on the national level.

One explanation for the lack of diversity among outdoor recreators is that significant barriers to entry exist for those individuals in urban areas and for people who did not grow up with an

Outdoor Recreation Participant Demographics

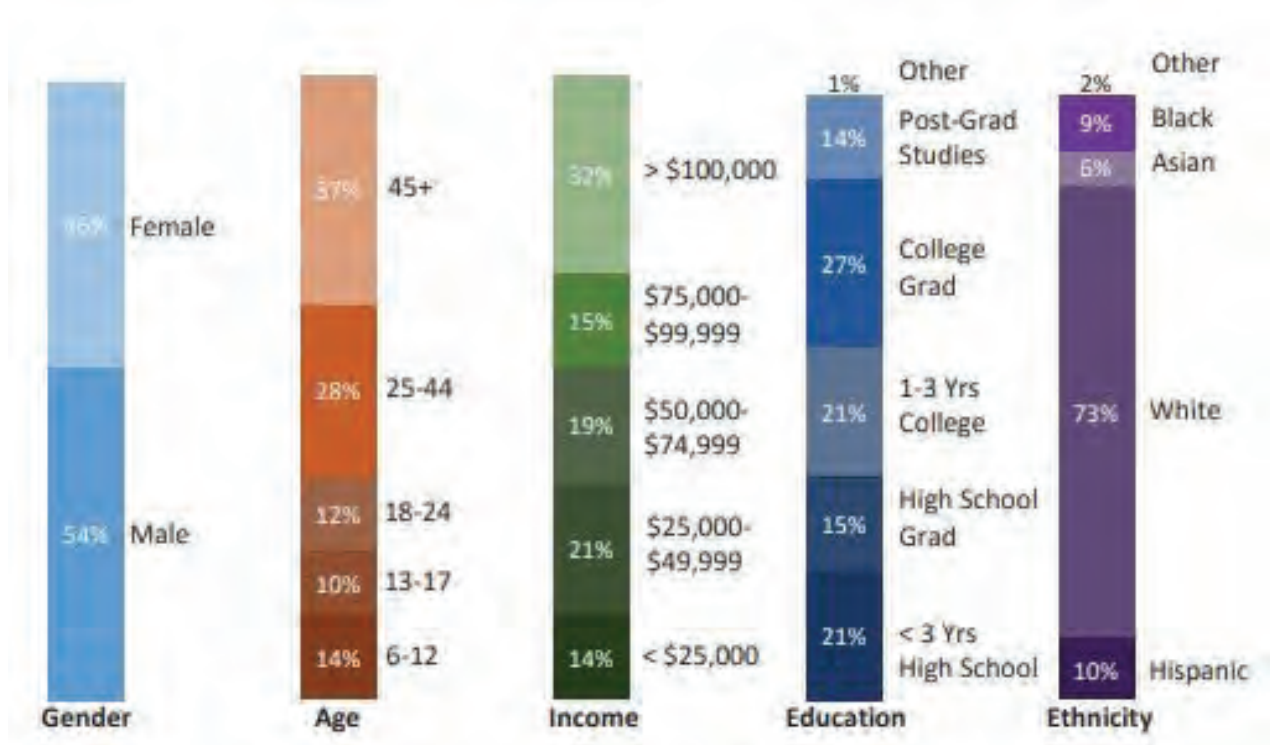


Figure 11: Outdoor Recreation Participant Demographics Source: Outdoor Foundation

outdoor lifestyle. Shawn Thelen, owner of North Shore Cyclery in Talkeetna is fighting this. Thelen's stated goal is to get more humans on bikes. With a passion for cycling and coaching, Thelen is building a business selling custom built fat tire bikes, renting out bikes, and offering guided mountain bike tours. He rents bikes to seasonal workers and runs day camps for children, all with an eye on his goal.

But Thelen's idea for Talkeetna is more than just his business. He believes in the area becoming a destination city that people travel to for mountain biking. Education about the opportunities available in the area is a priority. Thelen notes that he's working with the Community Council, the Chamber of Commerce, and fellow entrepreneurs to bring more people to the town. Thelen says "people love Alaska and we need to pull more people here."

Part of Thelen's story demonstrates that education is a major component of the outdoor recreation industry. People can own all the gear and gadgets but still not understand how to interact with the land, where to go or how to stay safe. The guide industry is built on this challenge. Many Alaska businesses facilitate interactions with the outdoors. One organization in the state is reinventing how guides are trained to do this.

A little less than half of the licensed sport fishing guides in Alaska are not Alaska residents and even fewer are residents of rural areas.⁴⁷ Bristol Bay is a region renowned for its fishing and dotted with fishing lodges and the lack of local fishing guides seems to be a missed opportunity. Bristol Bay Fly Fishing and Guide Academy is working to change this and has been training local youth and Bristol Bay Native Corporation shareholders to be fishing guides for lodges in the region. The goal of the program is workforce development for Bristol Bay residents. However, in a recent account from last summer's cohort of trainees, instructors emphasized the students' value as local guides. "They have stories of growing up in a region that many consider an once-in-a-lifetime angling destination, and can answer questions about life in rural Alaska."⁴⁸ This seems to be a growing trend in Alaska, with the further success of businesses like Icy Strait Point in Hoonah which is owned and operated by the Huna Totem Corporation. Icy Strait Point markets themselves as "dedicated to providing a one-of-a-kind experience for each visitor by sharing Alaska's natural beauty and infusing it with our local Native culture."⁴⁹

Bristol Bay Fly Fishing & Guide Academy

Place-based river education course that fosters sustainable outdoor employment opportunities for Bristol Bay young people.

[About](#) [Apply](#) [Hire A Graduate](#) [History](#) [In the News](#) [Sponsor](#)



2014 Academy Day 5: Client Day

Here are just two highlights from Client Day, though really we could go on for pages and pages of all the successes from today!

[Read more](#)

Bristol Bay Fly Fishing & Guide Academy Website



Case Study: The Iditarod Trail - Seward to Anchorage

Although it began as a supply and mail route for the communities from Seward into the Interior and west to the Bering Sea coast of Alaska, the Iditarod Trail gained fame in 1925 when it became the route that saved lives. It was the path used to ferry diphtheria medicine to Nome by dog sled, inspiring the Iditarod Dog Sled race decades later. While much of the trail is still used as the route of the Iditarod Trail Sled Dog Race from Anchorage to Nome, not all sections that once connected Seward to Anchorage are intact.

Many trails that are now coined long trails are historic trails that once served strategic or cultural purposes, now repurposed for recreation. Famous examples in the U.S. include the Appalachian, Pacific Crest, and Continental Divide Trails. Some of the oldest served pilgrims on their paths to holy sites, while others served as trade routes for Native Americans or early settlers. Now people travel from across the world to hike, horseback ride, bike, and ski these destination routes, which usually stretch longer than 30 miles from point to point.⁵⁰ The Iditarod Trail would seemingly fit within a similar description.

The historic Iditarod route is positioned between Seward and Nome, with communities scattered between. A key section of that trail, between Seward and Anchorage, could serve as Alaska's signature long trail, potentially attracting backpackers from around the world.

Sections of the historic Iditarod trail still exist between the two cities and are maintained as separate trails—Johnson Pass Trail, Crow Pass Trail, Lost Lake Trail, and others; however, there are missing connections between the different trails.

Long-trail factors that are directly linked to revenues to local communities:

- Quality of trails and the amenities available are closely related to the number of trail users.
- Overnight stays by trail users dramatically increases their spending effects in local communities.
- Visits to long-trail linked trails are often short, but trail users are likely to return.

Much of the land ownership in the affected area is public and split between Chugach National Forest and Chugach State Park. It is estimated that 880,000 people visit Chugach National Forest for recreational purposes each year. Approximately 20% of those visits were for hiking, which would presumably be the main usage of a hypothetical long trail in the region.⁵¹ The area around the route has a proven ability to attract recreators, and being anchored by the state's largest city would make it relatively accessible to visitors and residents alike.

As with many long trails throughout the U.S., a route from Anchorage to Seward would likely have positive economic impacts for adjacently located communities. Moose Pass, Cooper Landing, and Girdwood would all be located close to the trail. Some could be (or are already) connected to the trail system by spur trails. Studies have shown that economic impacts to local communities are highest when long trails are directly connected to the town. This enables local businesses to cater to the needs of trail users.⁵²

Restaurants, grocery stores, campgrounds, and hotels all have the potential to derive revenue from trail users. Even more so if trail users are encouraged to stay overnight before continuing

onward. In the specific communities identified above, there are a number of existing businesses that would benefit from increased traffic and overnight stays, and there is potential for business growth depending on trail traffic.

Entrepreneurial opportunities exist to create businesses around supporting these self-sufficient travelers. Although Alaska has vast amounts of undeveloped land, a destination long-trail is lacking in its portfolio of outdoor recreation assets. As a route that already has long stretches of developed trails and potential community linkages, an Anchorage to Seward trail could be created without an extreme amount of resource expenditure or planning.



PROJECT WITH MOMENTUM

- A complex of state and federal trails
- INHT Southern Trek: re-connected, 180-200 mile Long Trail
- The most accessible, populous and visited part of Alaska

RIPE MOMENT

- A few bridges and planned segments are all that is left to reconnect the INHT
- In 2018, the INHT was recognized by the USFS as one of only 15 “trail maintenance priority areas in the US”

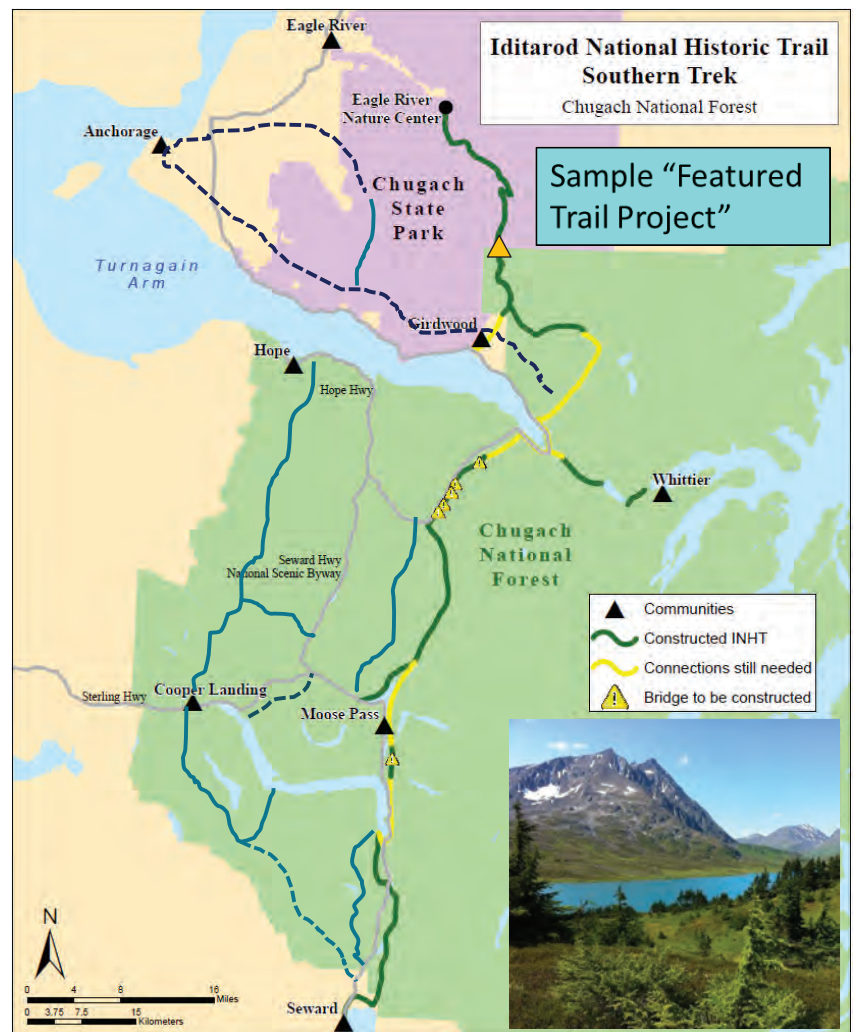


Figure 12: Iditarod National Historic Trail Southern Trek Source: US Forest Service

VI. Conclusions and Recommendations

The economic impacts of outdoor recreation are wide reaching in Alaska, but the potential for growth may be even greater still. Strategic development of opportunities in emerging areas of the outdoor economy could contribute to Alaska's development as a destination for visitors.

The quality of life component of outdoor recreation helps Alaskans stay happy and healthy, especially in the winter. However, a thriving outdoor recreation industry can help attract and retain workers as they move through their career. In the process, they fill workforce shortages that might otherwise constrain the state economy.

In true Alaska fashion, it would seem that much of the outdoor recreation industry in the state has been driven by Alaskans building pathways, whether through trail development, business development, or community development. Expansion of State of Alaska outdoor recreation assets have been in response to high demand from the public, as seen by the heavy usage of new or renovated State lands access points like the Anchorage Glen Alps trailhead and the K'esugi Ken Campground.

Intentional development of the outdoor recreation industry could yield wide reaching results for the state of Alaska and the entrepreneurial ecosystem. The recommendations described here focus broadly on policy and programmatic directions that could provide a better understanding of the industry, provide focused opportunities within the entrepreneurial ecosystem, or encourage a stronger community development focus.

Understanding the Consumer Base

"Outdoor recreation in Alaska is big" is a mantra that seems to be repeated throughout interest groups and businesses in the state. However, accessing the numbers to support that qualification proves difficult. It would seem that both businesses and land management agencies would benefit from a more robust understanding of the recreational usage of the outdoor environment. Several gaps were identified in the drafting of this report that better tracking of outdoor recreation participation on public lands could fill.

The impacts of outdoor recreation on the local level (i.e. activities occurring in the same community where the participant lives) are likely to be significant; however, outside of pedestrian traffic counts on some of the trails throughout Anchorage, there is very little information on the prevalence of local outdoor recreation participation. This is an issue that appears to be mirrored on federal lands as well. Within State Parks, data regarding outdoor recreation visitation and activities is limited to traffic counts and revenue collection.

Better collection of recreational land usage data would assist local, state, and federal land management agencies in planning and long-term strategy development. One potential model to follow is that of the National Forest Service. The agency surveys users every five years about their activities and spending to assess the economic impacts of National Forests. This relatively economical approach can provide high quality data about specific activities and the effect on local economies.

Understanding the Benefits of Specific Recreation Projects

At any given time, various organizations in Alaska are pushing forward a multitude of projects related to trail development, access points, or other forms of recreation infrastructure. One effort currently underway is a statewide trail inventory that would consolidate proposed projects into one master plan for development. DPOR maintains the Statewide Comprehensive Outdoor Recreation Plan.

One way to strengthen these plans (and their connection to economic development) would be to add an economic impact dimension to the prioritization of projects. K'esugi Ken, Olnes Pond, and the Iditarod Historic Trail are examples in this report of ways to assess economic impacts in terms of demand and expenditure that can be applied to other projects.

Assessing both the quantitative and qualitative outcomes of recreation projects could aid planners in future projects and assist community developers in determining community development goals as well as statewide priorities. This enforces a better understanding of our communities but also aids in understanding the impacts of the outdoor recreation industry on Alaska's communities and economy.

Entrepreneurial Strategies

Alaska's outdoor recreation industry is bursting with innovation and entrepreneurial activity, as evidenced by successful brands like 9:Zero:7 Bikes. Other states and cities in the Lower 48 have found success by focusing on outdoor recreation as a growth sector. With a culture that embraces both entrepreneurship and outdoor recreation, Alaska is an ideal setting to develop and test outdoor products. The examples of Tested in Idaho, Bend Outdoor Worx, and the Colorado Outdoor Recreation Industry Office offer potential roadmaps for economic development strategies.

Closer to home, the Alaska Ocean Cluster (AOC) serves as a model for a statewide network of organizations committed to the entrepreneurial growth of a particular sector. Since its start in 2017, the effort has launched an incubator, an investment fund, two design sprints, and several events. The diverse stakeholders that currently collaborate on outdoor recreation issues could look to AOC as a loose framework for an intentional focus on economic development and entrepreneurship.

Another in-state example is business accelerator Launch Alaska, which focuses on scalable startups in food, water, transportation, and energy sectors. It provides its cohort companies with seed capital, mentorship, subject matter expertise, and customer relationships in Alaska. Both AOC and Launch Alaska benefit from close working relationships with the University of Alaska as a source of subject matter expertise and advising of businesses. A mature support system for outdoor recreation businesses would likely include some combination of the same elements AOC and Launch Alaska offer within their respective spheres.

Explore Opportunities to Attract and Retain Residents

While attracting a large firm like VF Corporation would prove difficult for Alaska, the idea of drawing new residents to the state potentially offers a viable economic development strategy. Alaska's economic development community should closely watch the State of Vermont's efforts to attract remote workers, in part through the allure of outdoor access. Bend, Oregon's reputation as a Silicon Valley outpost also raises the possibility of attracting entrepreneurs to Alaska who might launch successful businesses in the state. Remote workers and entrepreneurs drawn to the Alaska lifestyle would bring or create their own sources of income, which would benefit the economy through in-state consumption and, therefore, new jobs. This type of amenity migration has already been observed in communities throughout the Western U.S. in particular.

Geeks in the Woods represents one effort already underway to draw tech entrepreneurs to Alaska. The brainchild of successful Seattle entrepreneurs and twins Lucas and Lee Brown, Geeks in the Woods runs a telework center in Valdez and has plans to expand in Southcentral and Southeast Alaska. The Browns believe a shortage of

experienced software developers constrains the growth of startups in Alaska. Tech entrepreneurs tired of high living costs in Seattle and Silicon Valley and hoping to spend more time skiing, camping, and hiking may fill that gap.

Programs aimed at attracting new residents to Alaska could utilize several different approaches. Vermont's Remote Worker Grant program includes a marketing outreach strategy, guided tours for prospective residents, and a grant of up to \$5,000 per year, not to exceed \$10,000 per individual, to cover living expenses. It is too early to judge the program as a success, but Alaska policymakers could benefit by learning from any successes or failures that result. At a minimum, the viability and desirability of an attraction effort for Alaska warrants further exploration.

Closing Thoughts

Examined as a whole, the magnitude of the outdoor recreation industry in Alaska is impressive: 38,100 jobs, almost \$3.2 billion in consumer spending, and a major attraction for residents and visitors alike. When one considers the opportunities presented by a data supported, unified approach to growing this industry, the potential is even greater.

Juneau, Alaska

Photo Credit: Black Lab Mutt

Photographys



VII. Endnotes

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Appendix A: Methodology

A Note on the Outdoor Economy as a Whole

As an industry, outdoor recreation is not aligned consistently with the federal North American Industry Classification System (NAICS) code industry definitions. For example, NAICS 451110, Sporting Goods Stores, includes retail sales related to outdoor recreation, but it also includes purchases related to team sports and sporting goods not necessarily used for outdoor recreation. Therefore, for the purposes of this study a model was created to estimate the size of the industry. Data was compiled on individual activities to estimate the impacts the outdoor economy. The focus and intent is to create the as full a picture of activity specific expenditures as possible using available data. Information was sourced from applicable land and wildlife management agencies on the state and federal level.

To the extent of available data, participation from a number of land and wildlife management agencies throughout the state was combined with spending data on the state level. Where spending data did not exist on the state level, national level data was substituted. Spending is tracked across the board on a dollars per day basis so combining this with participation-days arrives at an estimate of expenditures.

Participation Data

Participation-day data from ADF&G was used for sport fishing and participation data from USF&W was used for hunting and wildlife viewing. Data sets for these activities are comprehensively tracked at a state level. Therefore, they are the best sources for statewide activity specific participation for hunting, fishing, and wildlife viewing.

Participant visitation data from the USFS, State Parks, and National Wildlife Refuges (NWR), was aggregated by activity type and totaled to determine an estimate of statewide participation by activity. Fishing, hunting, and wildlife viewing participation-day data from USFS and Alaska State Parks was

removed to avoid double counting of those activities.

To be specific, there is assumed to be outdoor recreation occurring on lands that are not public; however, there aren't any data sets tracking that recreation. Therefore, the estimate calculated here is the best estimate of state wide expenditures that could be made.

Below are detailed discussions of each data source and the methods used to determine activity level participation.

Alaska Department of Fish and Game

Fishing participation-days are tracked by ADF&G. The Sport Fishing Division conducts a mail survey each year to estimate the annual sport fishing harvest. The survey also collects data on the number of days fished to estimate the total days spent fishing by all fishermen.

U.S. Fish and Wildlife

USF&W conducts the National Survey of Fishing, Hunting, and Wildlife Related Recreation. Through this survey USF&W provides state-by-state estimates of days spent hunting. The last time the survey collected state specific data was 2011. Therefore, to control for annual fluctuations in the number of hunters, the hunting participation-days from USF&W were adjusted by a factor reflecting the change in hunting licenses sold Alaska between 2011 and 2017, which is tracked and recorded by ADF&G. Specifically, the average number of days per registered hunter for residents and non-residents were calculated and those averages were applied to the number of resident and non-resident hunting licenses in 2017, arriving at the total estimated hunting participation-days in 2017.

The best estimate of state level participation for wildlife viewing is also provided in USF&W's 2011 National Survey of Fishing, Hunting, and Wildlife Related Recreation. This is the most recent estimate of participation in this activity and, therefore,

participation-days were not adjusted due to lack of a reasonable comparison statistic.

National Wildlife Refuge Lands

Administration of NWR lands falls under the umbrella of USF&W; however, visitation to NWR Lands are tracked separately. Participation by activity type is not tracked as widely on NWR lands, nor are as wide array of activities allowed on NWR lands; however, there is data on participation in hiking/walking, bicycling, and general boating. The data was derived from a 2006 study and participation-days were not adjusted as there was no more recent reasonable comparison statistic.

U.S. Forest Service

USFS surveys visitation to every National Forest on a 5-year rotation. Chugach National Forest was last surveyed in 2013 and Tongass National Forest at different points in 2005, 2011, 2012, 2014, 2015, and 2016. USFS provides estimates of total recreation related visitation, breakdowns of main activity participation as a percentage of total recreation related visitation, estimates of recreation related visits as a percentage of total visitation, and estimates of the average number of days spent on specific activities per visit.

Recreational participation-days by activity type was calculated by multiplying the activity participation percentages by the estimated total recreation visits, focusing only on visitors main activities to avoid double counting. The estimated visits by activity were multiplied by the average days spent per visit for each activity, arriving at estimated participation-days on National Forest Lands. To control for hunting, fishing, and wildlife watching being accounted for elsewhere in the model, and to avoid double counting, participation in those activities was removed.

State Parks

State Parks visitation is not as thoroughly tracked across all of its sites and locations. There are two possible sources with which to estimate visitation.

The first is through parking fee revenues; however, enforcement is limited and compliance rates are not known. In addition, some sites throughout the State Parks do not have fee stations and are, therefore, not recording visitation. So it can be assumed that estimating visitation through fee revenues would be an underestimation of actual visitation.

State Parks also counts visitation by site by vehicle counters, which is the base that the state parks portion of this model was built on. While this is probably a more reliable count than estimating visitation through fees, there are two issues with this count. The first is the reliability of traffic counters representing winter traffic in cold conditions. It is difficult to calculate adjustments to compensate for this; therefore, CED just recognizes the potential gap in the data.

The second issue is that vehicle counters count every single vehicle that passes over the counter even if they're only stopping to use the restrooms or to sightsee. To control for this, CED made a number of assumptions. First, as most of the State Parks access point are connected in some way to the road system, visitation patterns are reasonably comparable to those of Chugach National Forest which is similarly located adjacent to the road system. Second, due to its proximity to a large population center, visitation patterns to Chugach State Park most likely largely differ from the rest of the State Parks system as it is more accessible for day trips from a large urban population.

Based on those assumptions, a model was built using a combination of 2017 vehicle counts and USFS visitation data for Chugach National Forest using an upper and lower bound. The upper bound being total visitation and the lower being visitation with traffic counts from Chugach State Parks locations removed. For the upper bound the following methods were used. The USFS estimates that 79.8% of all visits through Chugach National Forest are for recreation related visits. 79.8% of the total vehicle count from every measured state parks was calculated to

estimate the number of recreation related visits to State Parks. That value was used to calculate activity participation for main activities, using the activity percentage breakdowns for Chugach National Forest, resulting in an estimated number of annual visits for each of the activities identified.

Since vehicle counters only measure the number of people driving over the counter, and not the length of the visit, data from USFS for Chugach National Forest was used to estimate the number of participation-days. The estimated recreation related visits for each activity was multiplied by the average days spent per visit by activity for Chugach National Forest. Thus arriving at total estimated participation-days for each activity. To control for hunting, fishing, and wildlife watching being accounted for elsewhere in the model and, to the extent possible, to avoid double counting the percent of participation in those activities was removed.

The lower bound is calculated the same way; however, vehicle counts from the following sites in Chugach State Park were removed from the total visitation:

- Arctic Valley
- Bird Creek
- Bird Creek Valley
- Bird Point,
- Bird Ridge
- Briggs
- Beluga Point
- Canyon Road
- Eagle River Nature Center
- Eklutna Lake
- Flattop
- Indian Valley
- Lower Eagle River
- McHugh Creek
- North Fork
- Potter Section House
- Potter Trail
- Prospect Heights
- Ptarmigan Valley

- South Fork Eagle River Upper
- Stuckagain Heights
- Thunderbird Falls
- Upper Huffman
- Upper O'Malley
- Windy Corner

While the end numbers are an estimate and the model does rely on numbers that could differ from reality it does speak to at least some of the impact of visitation to the State Parks system.

State Parks - Chugach

Because of its location adjacent to a larger metropolitan area and the relative ease of access, visitation to Chugach State Park was assumed to differ from visitation patterns to Chugach National Forest. Thus, the same assumptions that were applied to the rest of the State Parks system could not be applied to Chugach State Park.

Traffic counts from Chugach State Park were pulled out of the greater model. Survey data CED collected in 2016 which recorded activity participation was used to determine participation rates. Main activity participation rates were determined from survey responses located at Chugach State Park. Average activity days per activity were also determined from the survey responses. Using the assumption from USFS that 79.8% of traffic through parks is recreation related, the total traffic count was reduced by that factor. Total visitation was then broken out by main activity according to the participation rates derived from the State Parks survey data and activity participation-days were calculated using the average participation-days calculated from the survey data.

National Parks

Observationally, recreation patterns differ widely for National Park usage. Management practices of National Parks lands differ significantly from National Forests and State Parks and as a result access is much more limited. The National Park Service tracks visitation, both recreation related and not, as a whole and does not distinguish by activity.

Due to observations of differing usage patterns it is difficult to assume that the participation patterns derived from National Forest surveys can be applied to National Parks.

Expenditure Data

Available spending data, aggregated by expenditure type, is available from a number of sources; however, it is very dependent of location and activity type. Spending data from USFS, ADF&G, and USF&W were matched directly to participation-days from USFS, ADF&G, USF&W, and State Parks.

National Wildlife Refuge

National Wildlife Refuge visitation in Alaska is tracked according activity type. Spending categorized as non-consumptive, hunting, and fishing related spending. Since hunting and fishing were removed and accounted for elsewhere, the non-consumptive spending was used.

U.S. Forest Service

USFS also tracks spending according to expenditures by participation type on the national level by party per day. The most recent year that expenditure data is available for is 2011; therefore, expenditure amounts were adjusted to 2017 dollars. Activity level expenditures were applied to activity participation-days from National Forests and State Parks.

Alaska Department of Fish and Game

The best available sport fishing related is from a study conducted by Southwick Associates for the ADF&G in 2007. Those spending dollars are adjusted to 2017 dollars and matched with sport fishing participation data from the ADF&G for 2016, the most recent available year.

U.S. Fish and Wildlife

USF&W collects state level expenditure data for hunting, sport fishing, and wildlife viewing activities through the National Survey of Fishing, Hunting, and Wildlife-Associated Recreation. State level

data was collected as recently as 2011; therefore, that spending data is adjusted to 2017 dollars and applied to the hunting and wildlife viewing participation-days data from USF&W.

National Parks

National Parks visitation related spending patterns have shown to be far different from visitor spending related to visitation to other land resources in the state while part of this is likely due to the remoteness and less developed aspects of Alaska National Parks, expenditure data is almost entirely skewed by tourism related spending on Denali National Park visitation. Therefore, spending data from National Parks visitation is limited to a total estimate of spending provided by the National Parks Service.

The Framework

Sources of participation and expenditure data are combine to create as thorough a picture of expenditures by activity. Data is compiled according to the chart on the following page.

National Parks data is pulled out of the statewide model as an outlier in the model, mostly due to observed differences in visitation and activity participation trends and a general lack of data to support their economic impacts through the model that was built.

While this does not create an entire picture of all of the outdoor recreation related activities in the State (most notably it misses the impacts of local activities and equipment expenditures) it does speak to the size and impact of the economy. The total expenditures calculated according to the schedule above were put through IMPLAN's economic impact model to determine the impact of the industry on jobs, gross state product (GSP), and revenues, by activity. IMPLAN is an input-output economic modeling software that is used to estimate the regional impacts of specific variables on specific economic outcomes, such as jobs, business revenues, and earnings.

Activities	Sources											
	ADF&G		U.S. Fish and Wildlife		National Forest		State Parks		MWR		National Parks	
	Participation	Spending	Participation	Spending	Participation	Spending	Participation	Spending	Participation	Spending	Participation	Spending
Fishing	X	X	X									
Hunting	X		X	X								
Wildlife Viewing			X	X								
Backpacking					X	X	X*	*				
Hiking/Walking					X	X	X*	*	X	X		
ATV/OHV/Other Motorized					X	X	X*	*				
Snowmachining					X	X	X*	*				
Developed Camping					X	X	X*	*				
General Boating					X	X	X*	*	X	X		
Bicycling					X	X	X*	*	X	X		
Downhill Skiing/Snowboarding					X	X	X*	*				
Cross Country Skiing					X	X	X*	*				
Gathering Forest Products					X	X	X*	*				
General Recreation Participation											X	X

* Indicates that National Forest data is being used to model participation behavior, adjust participation days, or assumed to be the best possible estimate of spending.

One-More-Day

The idea of the one-more-day analysis is to assess the impacts that specific policy changes would have on both participation and spending if they encouraged either visitors to spend another day in Alaska for outdoor recreation, or if a number of residents were encouraged to spend just an additional day outdoors recreating or shift from occasional park users to moderate park users.

Visitors

Using the Alaska Visitor Statistics Program survey data the percentage of visitors to Alaska in 2016 that recorded that they participated in at least one outdoor recreation related activity. That data was used to calculate the number of visitors participating in outdoor activities and the number of visitors not participating in outdoor activities. From there the model relies on a number of assumptions. Assuming those visitors already participating in outdoor recreation activities can be convinced to stay longer in Alaska to add one more participation-day to their activities, we can calculate a total number of additional participation-days from those visitors.

Rather than assigning specific activities to the additional days of participation, since it is beyond the means of available data sets to determine how activity participation would be distributed, the additional participation-days are classified as

general participation. Assuming that the additional participation-days are primarily day tips, the participation-days are combined with non-resident day trip spending from USFS to determine the total additional spending. Those expenditures were then put through IMPLAN to estimate the total economic impact.

Residents

To calculate the impacts of residents spending one more day outdoor, OIA's estimate of the percentage of Alaskan's that participate in outdoor activities was used to calculate the total population of Alaskans that participate in at least one outdoor activity annually. For this model, CED assumed that 50% of that population spent one more day participating in an outdoor activity. CED calculated an estimate total number of additional participation-days using the following equation: Additional Participation-Days = (Population of Alaskans Participating Currently x 50%) x Number of Additional Participation-Days Per Person. In this model, it was assumed that each person increasing their activity levels would only be spending a single additional day outdoors. Those additional participation-days, combined with resident day trip spending, were used to calculate additional consumer spending. The economic impacts represent the additional economic impacts of the new spending introduced to the industry as a result of changed consumer patterns.

Appendix B: Activity Specific Impacts

Economic Impacts of Fishing

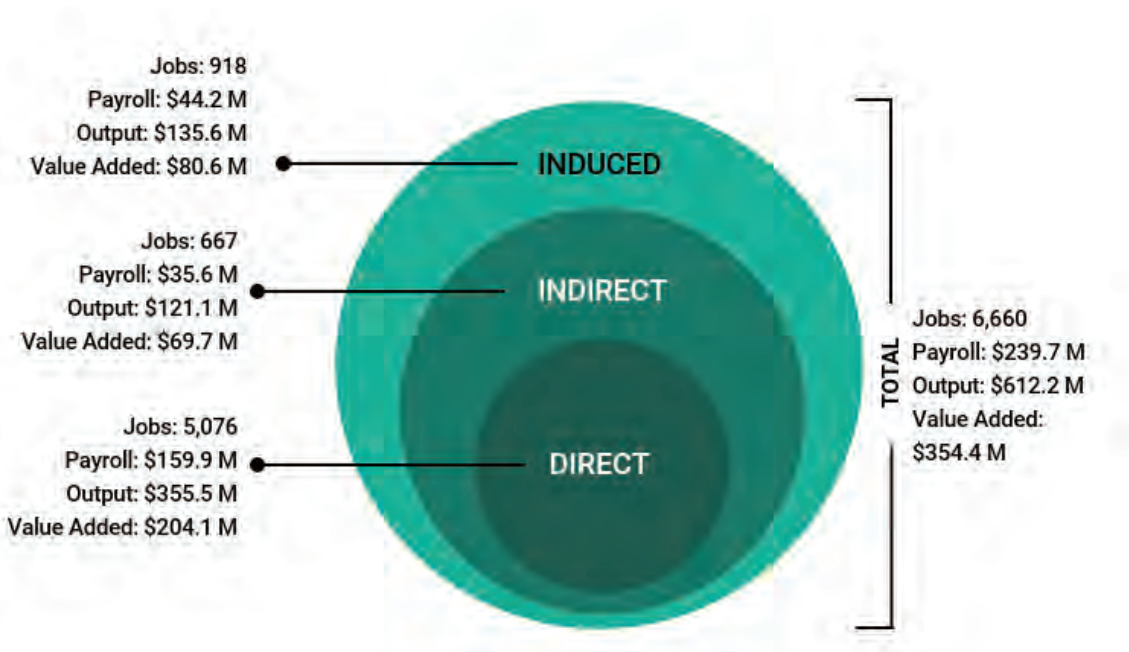
A group of friends plan their dream trip to Alaska. As part of their adventure they book a stay at a fishing lodge in the Bristol Bay for a fly fishing trip. Their guide for three days of fishing is local trained by the Bristol Bay Fly Fishing and Guide Academy. The group catches fish, but also sees their first moose and bear. They experience wilderness like they never have before deep in the Bristol Bay region.

The sport-fishing industry in Alaska is a long established sector of the economy. Both freshwater and saltwater sport fishing have established guide industries catering to the significant visitor population participating in the activity. For the resident population, 1 in 3 Alaskan adults

purchased a fishing license in 2017, which is higher than any other state in the U.S. A 2007 report on the economic impacts and contributions of sport-fishing in Alaska estimated that the combined impact of residents and nonresidents was \$705 million in trip related consumer spending. The number of licenses sold to residents and non-residents has decreased since 2007; therefore, CED estimates that the amount of consumer spending has also decreased and was around \$654 million in 2017.

Estimated consumer spending in 2017 supported 6,660 jobs in Alaska, which provided \$240 million in wages for employees throughout Alaska. That spending also supported \$612 in business revenues and contributed \$354 million toward Alaska’s GSP.

Figure 12: Economic Impacts of Fishing Related Recreation Source: IMPLAN, CED calculations



Numbers may not add up due to rounding

Economic Impacts of Hunting

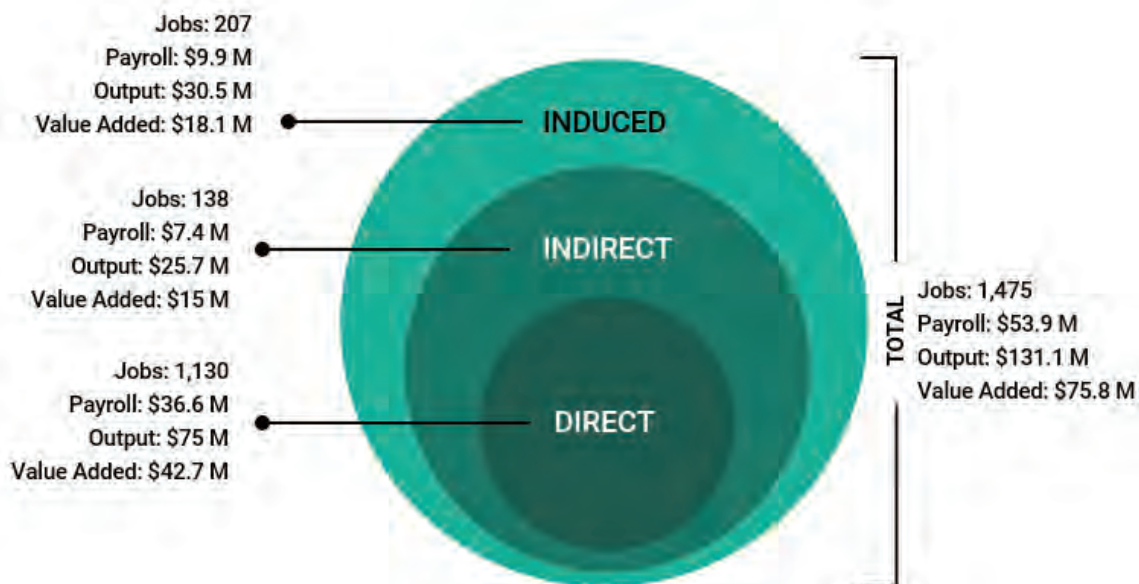
The ice has finally melted off of Kenai Lake and bear season has begun. A family de-winterizes their boat, packs up their gear and heads out onto the lake for a bear hunt—camping out of their boat, scoping out local wildlife, and hiking along the way.

Hunting is a critical element of outdoor recreation in Alaska. Despite having a small population, 89,000 hunting licenses were sold to residents in 2017. Visitors purchased 12,000 licenses in the same

year. With the sheer quantity of hunting licenses sold in the state, it's not surprising that trip related spending on hunting has significant impacts. CED estimates that hunting generates \$161 million worth of trip related consumer spending.

Spiraling through the economy, that spending supports 1,475 jobs, which provides \$54 million in wages for Alaskan employees. That spending is also estimated to generate \$131 million in business revenues and contribute \$76 million toward Alaska's GSP.

Figure 13: Economic Impacts of Hunting Related Recreation Source: IMPLAN, CED calculations



Numbers may not add up due to rounding

Economic Impacts of Wildlife Viewing

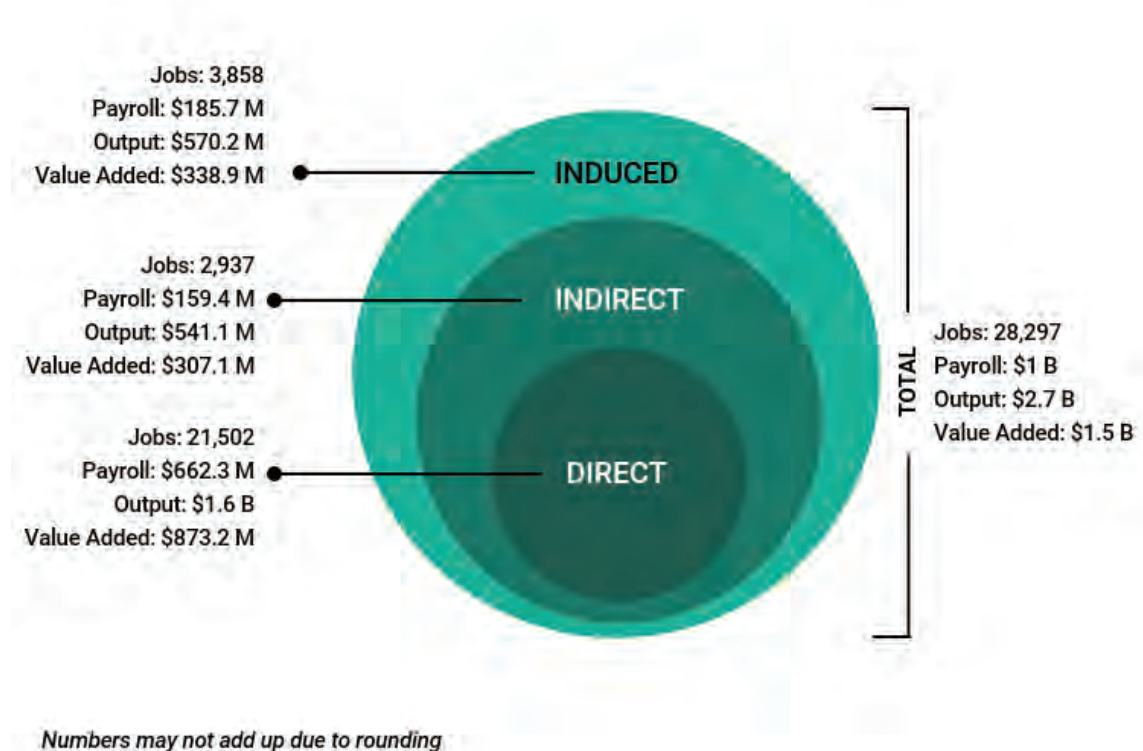
Every year millions of visitors fly, drive, or travel on cruise ships to Alaska with the hopes of seeing whales, bear, and moose. People flood the state, traveling by water, road, or plane into the remote areas in search of wildlife. Although not everyone sees their hoped for wildlife, the thrill of searching creates unforgettable adventures.

The draw of Alaska's rich wildlife population has created an enormous industry around wildlife viewing. While Alaska's wildlife is an asset that is certainly appreciated by residents, the majority

of the participation and consumer spending are derived from the visitor industry, with wildlife, whale watching, and flightseeing tours operating year-round. CED estimates 5.2 million participation-days for wildlife viewing in 2017. Those participation-days are estimated to have generated \$2.2 billion in consumer spending.

Rippling outward that spending supports 28,000 jobs, which in turn supports \$1 billion in wages for employees in Alaska. That spending also generates \$2.7 billion in business revenues and contributes an estimated \$1.5 billion toward Alaska's GSP.

Figure 14: Economic Impacts of Wildlife Viewing Related Recreation Source: IMPLAN, CED calculations



Economic Impacts of Backpacking, Hiking, and Walking

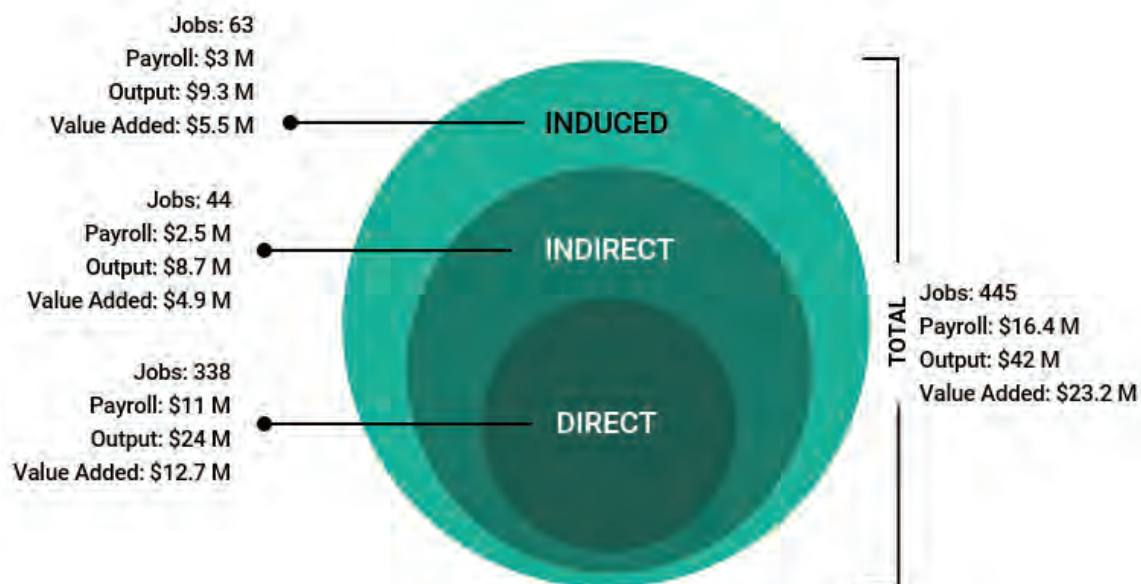
It's a summer Saturday afternoon and the Glen Alps parking lot is overflowing. Groups of hikers scatter the trails, spider webbing across ridgelines and valleys throughout the Chugach. Some haul backpacks for an overnight alongside an alpine lake and some towing daypacks or day packs for a shorter stay in the mountains.

Hiking and backpacking is a favorite pastime of many Alaskans. With limited access to many of the more remote areas of the state, using your own man power is frequently the easiest, and cheapest,

mode of transportation. With the close proximity of public lands to most of the state's population, hiking represents one of the biggest activities in the state. Based on available data, CED estimates 231,000 hiking participation-days in 2017. Those participation-days are estimated to have generated between \$37 and \$39 million in activity specific consumer spending.

Filtering throughout the economy that spending supports an estimated 434 jobs in Alaska, which in turn supports \$16.1 million in wages. The spending also generates an estimated \$41 million in business revenues and contributes \$22.9 million toward Alaska's GSP.

Figure 15: Economic Impacts of Backpacking, Hiking, and Walking Related Recreation
Source: IMPLAN, CED calculations



Numbers may not add up due to rounding

Economic Impacts of Camping

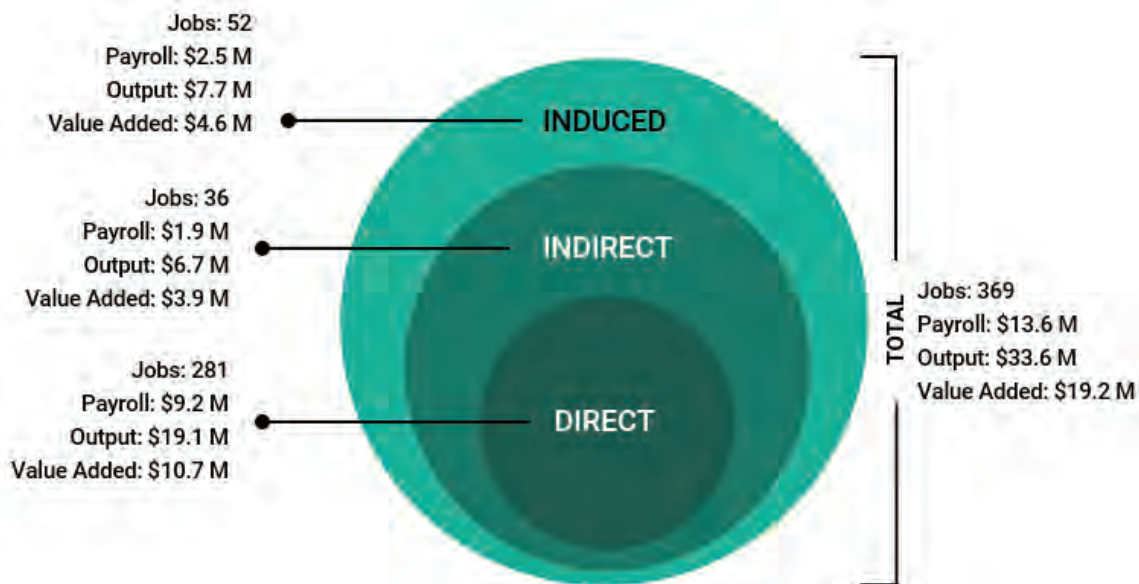
On one of the last long weekends of the summer, a group of friends pack up their camper van and head down to the very end of the Kenai Peninsula, to a campground located in the Captain Cook State Recreation Area. They spend the weekend riding bikes and ATVs along the beach, beach combing, and roasting marshmallows around a campfire.

Camping is a favorite weekend activity of many Alaskan families. Campgrounds scattered throughout the state bring revenues to the State of Alaska, but also provide a safe environment for

relaxation and recreation. Using available data, CED estimates 173 thousand annual camping participation-days in 2017. Those participation-days stimulated between \$33 and \$34 million in estimated activity specific consumer spending.

That spending supports an estimated 360 jobs, which in turn supports \$13.3 million in wages for people employed in Alaska. That spending also generates an estimated \$32.8 million in business revenues and contributes \$18.7 million toward Alaska's GSP.

Figure 16: Economic Impacts of Camping Related Recreation Source: IMPLAN, CED calculations



Numbers may not add up due to rounding

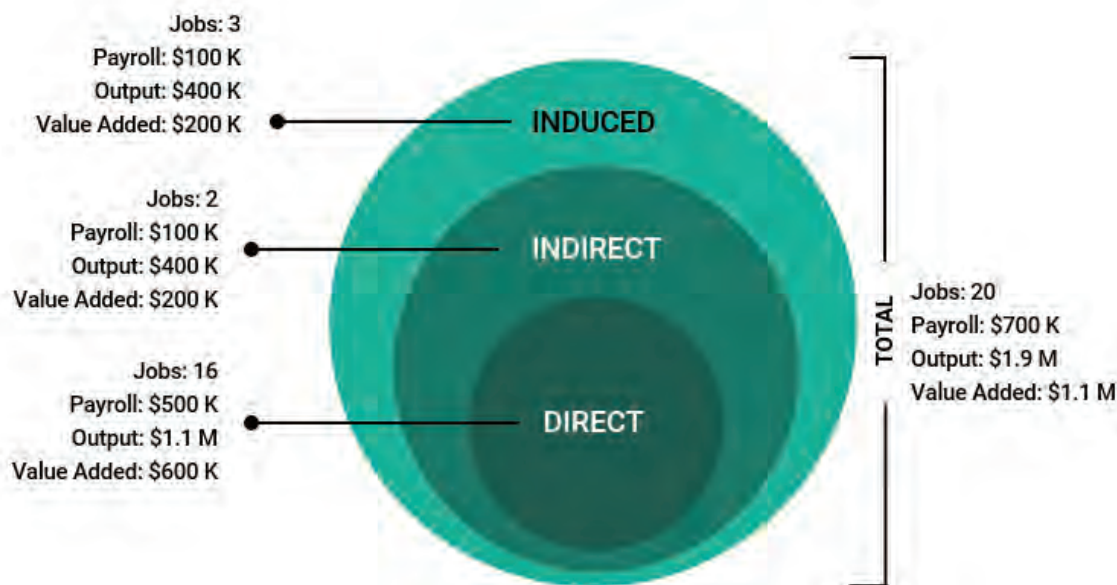
Economic Impacts of Boating

The weather forecast for Prince William Sound for the weekend calls for blue skies and perfect boating conditions. A family hooks their boat trailer up to their truck and heads out for a weekend on the water. Before getting on the water in Valdez they stop at the local rental shop and rent a kayak for the weekend which they load onto the boat. Once they're on the water they're off exploring the coves and bays, spotting sea otters, porpoises, and puffins.

Boating is a broad category that includes both motorized (riverboat, drift boats, ocean cruiser, etc.) and non-motorized (kayaks, canoes, rafting, etc.). Based on available data, CED estimates 233,000 participation-days of boating related recreation. Those participation-days are estimated to have generated \$1.9 million in activity related consumer spending.

That spending trickling through the economy supports 21 jobs and \$768,000 in wages for people employed in Alaska. That spending also supports an estimated \$2 million in business revenues and contributes \$1.2 million to Alaska's GSP.

Figure 17: Economic Impacts of Boating Related Recreation Source: IMPLAN, CED calculations



Numbers may not add up due to rounding

Economic Impacts of ATVing

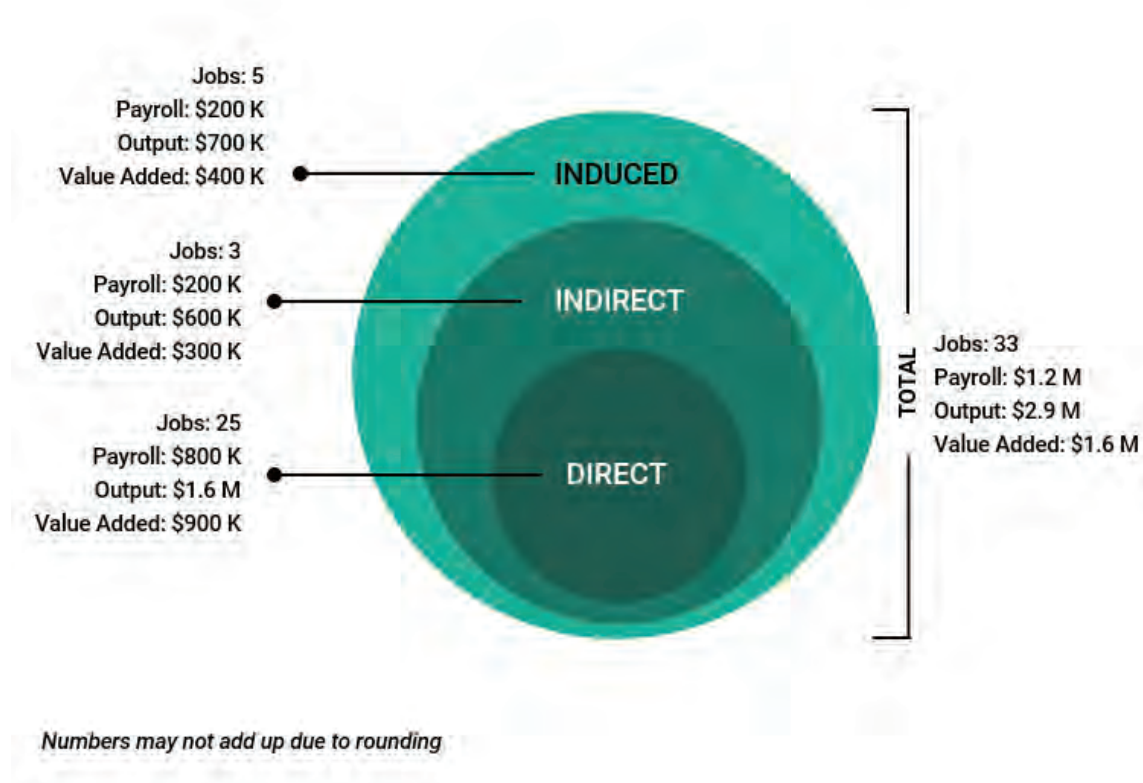
It's the Fourth of July weekend and a group of families from North Pole load their ATVs on trailers, pack up their RVs, and head down the road toward the Lower Chatanika State Recreation Area for a weekend of camping and ATVing.

ATVs are a tool in Alaska, used for hunting, fishing, transportation, and more. But they are also widely used for recreation throughout the state. Using available data sources CED estimates around

32,000 ATV participation-days occur annually on National Forest and State Parks lands. It's estimated that those activity days generate between \$2.7 and \$3 million in activity related consumer spending.

The spending related to ATVing and other motorized recreation (excluding snowmachining) supports 32 total jobs and an estimated \$1.1 million in wages. That spending also supports \$2.8 million in business revenues and \$1.5 in contributions to Alaska's GSP.

Figure 18: Economic Impacts of ATVing Related Recreation Source: IMPLAN, CED calculations



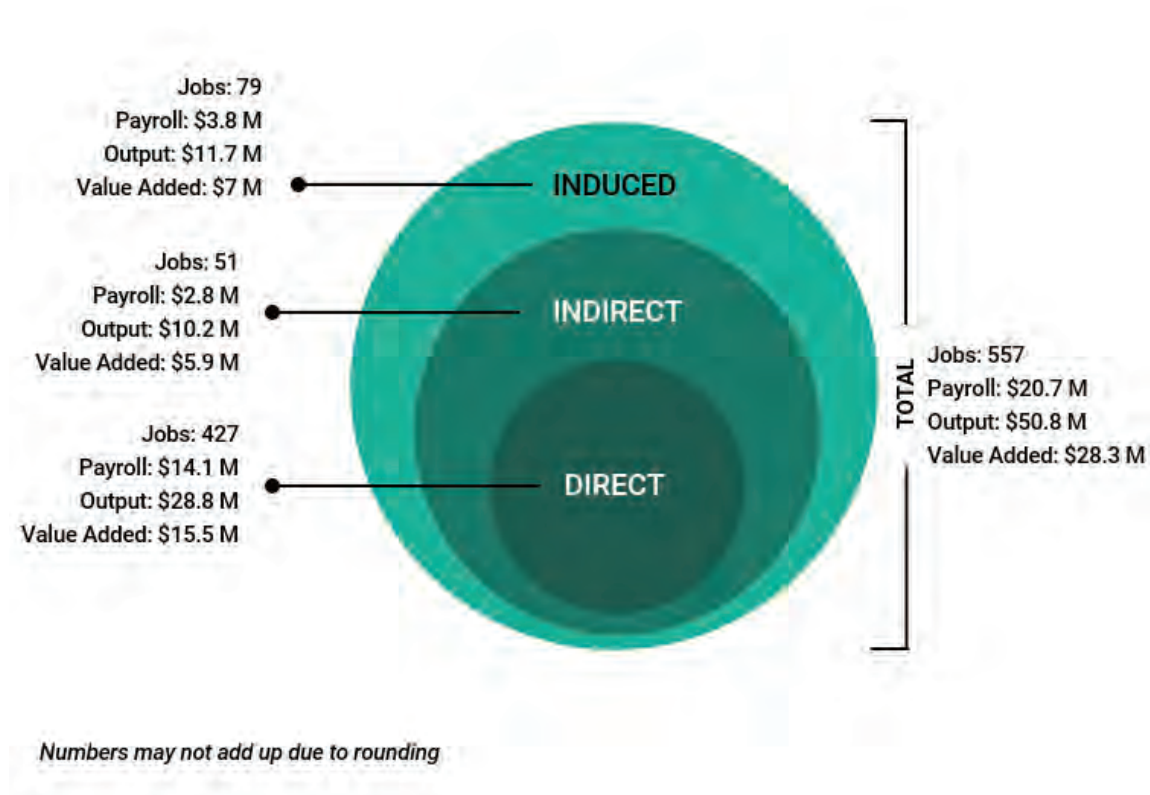
Economic Impacts of Snowmachining

Every February more than 50 people climb onto their snow machines and set out across Alaska in one of the longest and coldest snowmachine races in the world. The Iron Dog is the motorized response to the Iditarod, and the race follows the historic Iditarod Trail from Big Lake to Nome and on to Fairbanks. Other than the main event, the race, the event has also spawned trade expos, ceremonial starts, and other events, creating a culture around snowmobiling recreation in Alaska.

Snowmachining is huge in Alaska. 1 in 12 Alaskan adults owns a currently registered snow machine - indicating a high level of use. Based on available data, CED estimates 68,000 participation-day worth of snowmachining in National Forests and State Parks. Those participation-days generates an estimated \$49 million in activity related consumer spending.

That consumer spending supports an estimated 552 jobs in Alaska and \$20.5 in wages. That consumer spending also supports an estimated \$50.3 of business revenues and \$28.1 million of Alaska's GSP.

Figure 19: Economic Impacts of Snowmachining Related Recreation Source: IMPLAN, CED calculations



Economic Impacts of Bicycling

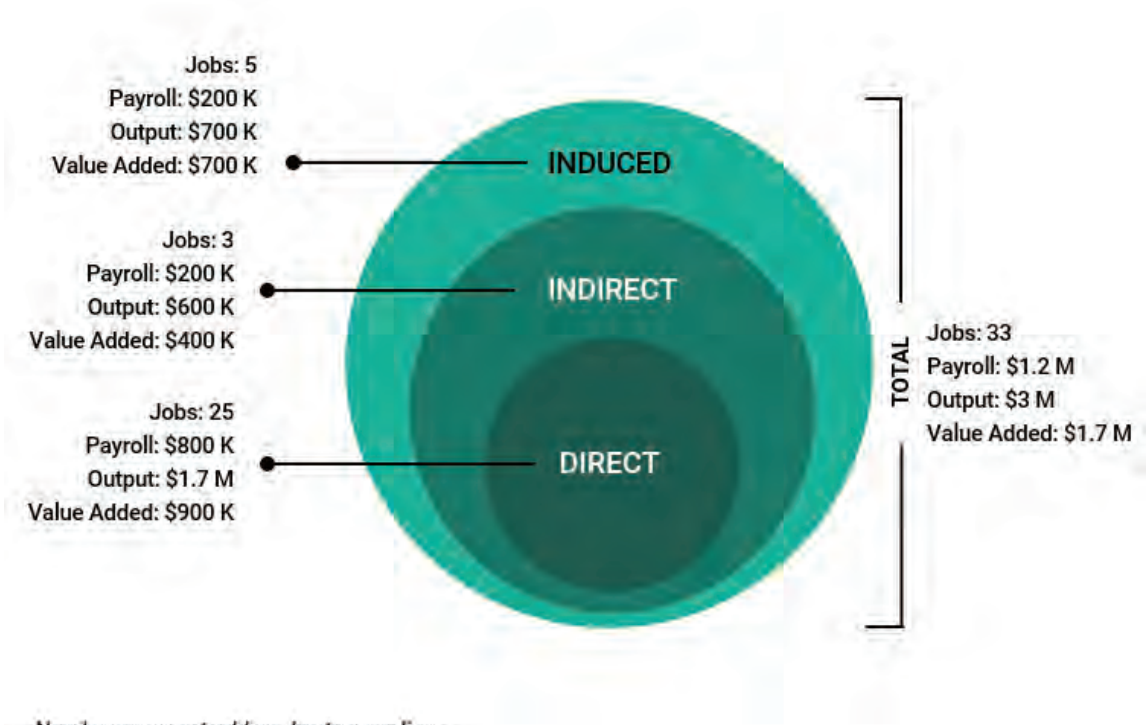
A car loaded up with bicycles tied onto it from every angle pulls into the Mirror Lake parking lot. A group of friends pile out of the car, unload their bikes, strap on their helmets, and peddle off onto the new Mirror Lake single track trails.

Judging by the increased number of single track trails in Anchorage, it would seem that bicycling is a growing sport in Alaska. With the rise of fat tire biking, the sport is turning into a year round activity. While it appears that much of the activity happens on the local level, closer to home and on

municipal or borough lands, the level of activity from available data sources still shows that the activity has a significant economic impact. CED estimates 164,000 participation-days on State Parks and National Forest lands. Those activity days are estimated to have stimulated between \$2 and 2.1 million in activity specific consumer spending.

That spending supports an estimated 29 jobs throughout Alaska, which in turn supports \$1.1 million in wages. From a different angle, this spending also supports \$2.7 million in business revenues and contributes a \$1.5 million portion of Alaska’s GSP.

Figure 20: Economic Impacts of Bicycling Related Recreation Source: IMPLAN, CED calculations



Economic Impacts of Downhill Skiing and Snowboarding

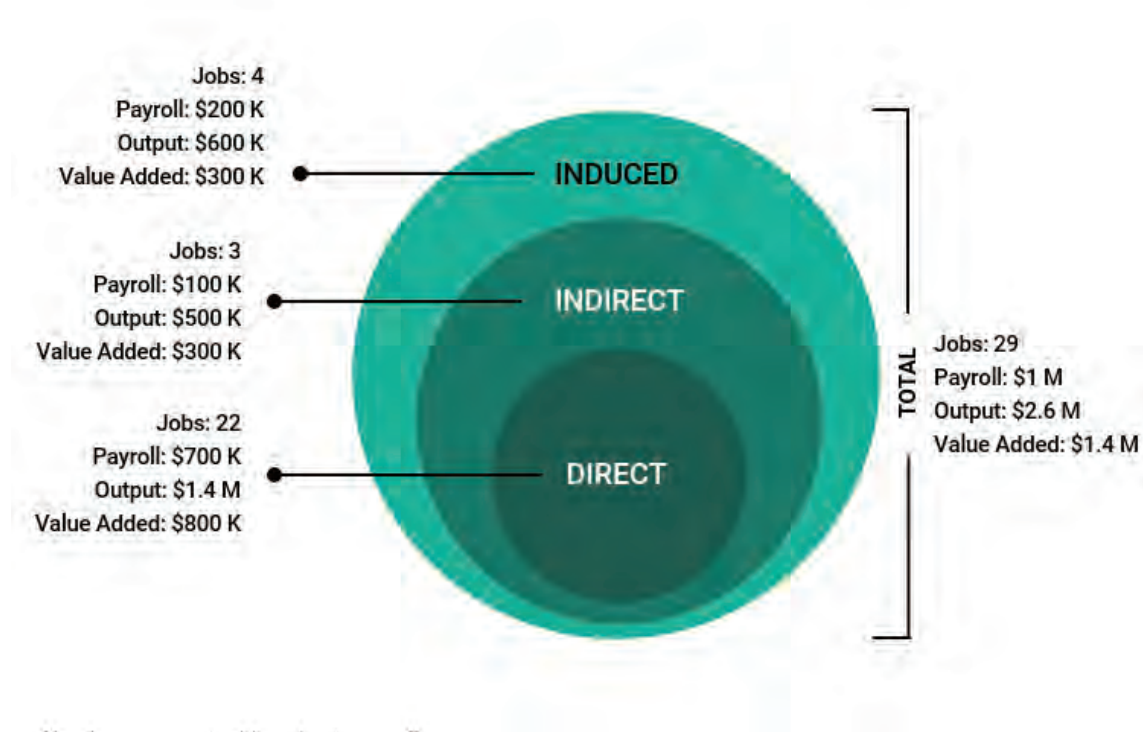
A group of friends loads their skis into their truck and heads out of Fairbanks to the local ski resort for a day of skiing and snowboarding. They buy breakfast on their way out of town, almost freeze their toes off, and buy a round of hot chocolates on their way back into town.

While Alaska hosts a growing culture of backcountry skiing, split-boarding, heli-skiing, and tow-in skiing, probably the largest quantity of skiing occurs at the resorts throughout the state.

Based on accessible data CED estimates 22,000 participation-days occurred in National Forests and State Parks in 2017 which supported \$2 million in activity specific consumer spending. It should be noted that this does not include any activities at private resorts, and, therefore, is likely an underestimate of actual spending.

That spending associated with skiing and snowboarding on public lands supports an estimated 26 jobs in Alaska and \$929,000 in wages. That spending also supported \$2.3 million in business revenues and contributes \$1.3 million toward Alaska's GSP.

Figure 21: Economic Impacts of Downhill Skiing and Snowboarding Related Recreation
Source: IMPLAN, CED calculations



Economic Impacts of Cross Country Skiing

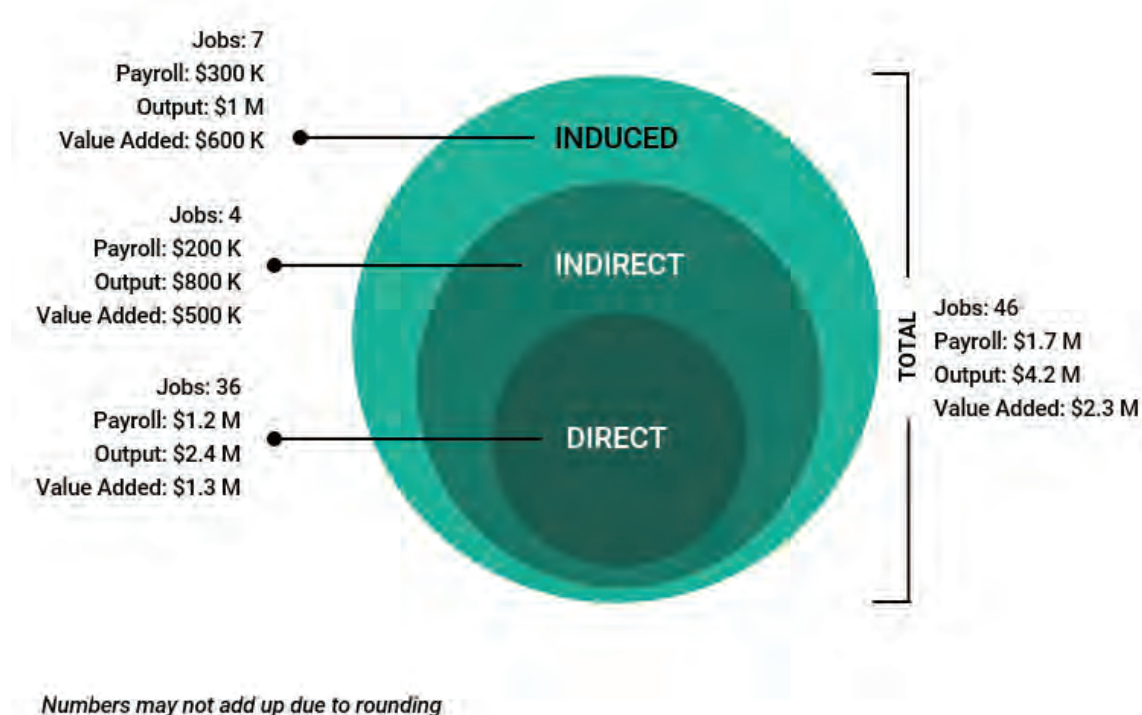
At ten a.m. on a warming March morning in Talkeetna a group of skiers cluster around the back of their car spreading Klisters on their skis. An hour later that group of skiers joins the growing crowd of fellow skiers warming up and getting ready for a long 25 kilometer (or 50 kilometer if you're feeling adventurous) ski race down the Susitna River and through Talkeetna.

Cross country skiing is a popular sport in Alaska. Groomed ski trails are scattered throughout most of the more developed towns along the road system, and most Alaskans learn how to ski at a very young age. Based on available data CED estimates 56,000 participation-days for skiing on National Park and State lands. Those participation-days supported \$2 million in activity related consumer spending.

That spending supports an estimated 45 jobs in Alaska, which in turn supports \$1.7 million in wages. That spending also supports an estimated \$4 million in business revenues and contributes \$2.3 million toward Alaska's GSP.

It should be noted that these impacts are likely underestimate of the actual spending surrounding the activity. Not only do these numbers not include equipment related spending, but also do not include the majority of local activity. Observationally, with the prevalence of local trails scattered throughout many communities, a significant amount of skiing happens on the local level. None of that spending is represented in this model due to a lack of data regarding those activities on the local level.

Figure 22: Economic Impacts of Cross Country Skiing Related Recreation, Source: IMPLAN, CED calculations



Economic Impacts of Gathering

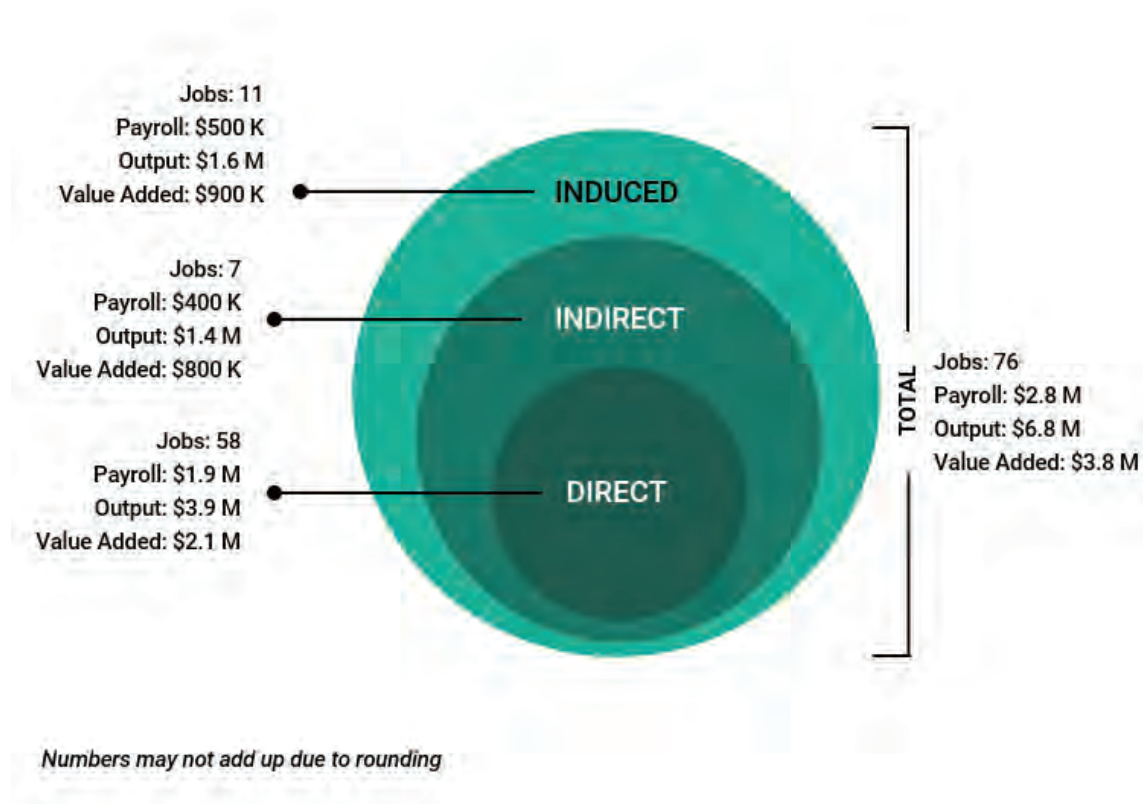
It's late August and the mountains are ripe with blueberries. Every Alaskan sneaks off to their favorite secret berry picking spot. Hiking high into the mountains or far across the tundra. While most are intending to stock their freezers with blueberries, many only manage to get about half of their blueberries into their buckets (the other half disappearing into their mouths).

While berry picking and other gathering of forest and tundra products is an extremely important subsistence activity throughout much of Alaska, there are a fair amount of people throughout the

state doing it for more recreational purposes. Based on available data, CED estimates 119,000 participation-days for this activity. Those activity day are estimated to generate between \$6.5 and \$7 million dollars in activity specific consumer spending, not including purchases related to equipment.

That spending supports an estimated 73 jobs in Alaska, which in turn supports \$2.7 million in wages for employees throughout the state. That spending also generates \$6.6 million in business revenues and contributes an estimated \$3.7 million to Alaska's GSP.

Figure 23: Economic Impacts of Gathering Related Recreation Source: IMPLAN, CED calculations



Appendix C: Customer Segments

Figure 25: Outdoor Recreation Customer Segments

The Achiever Focused on competition and performance	<ul style="list-style-type: none"> Spends \$799/ year on outdoor products 10% of outdoor consumers and 17% of spending 	<ul style="list-style-type: none"> 23% gadgets 29% apparel 24% equipment 23% footwear 	<ul style="list-style-type: none"> Mostly between 25 and 34 years old Spends 27 hours/ week outdoors
The Outdoor Native Outdoor recreation as a lifestyle choice	<ul style="list-style-type: none"> Spends \$637/year on outdoor products 12% of outdoor consumers and 16% of spending 	<ul style="list-style-type: none"> 12% gadgets 33% apparel 29% equipment 26% footwear 	<ul style="list-style-type: none"> Mostly between 35 and 44 years old Spends 22 hours/ week outdoors
The Urban Athlete Competition, thrills, and connection	<ul style="list-style-type: none"> Spends \$781/year on outdoor products 20% of outdoor consumers and 33% of spending 	<ul style="list-style-type: none"> 24% gadgets 27% apparel 24% equipment 24% footwear 	<ul style="list-style-type: none"> Mostly between 25 and 34 Spends 24 hours/ week outdoors
The Aspirational Core Possibility for adventure and exploration	<ul style="list-style-type: none"> Spends \$476/year on outdoor products 14% of outdoor consumers and 32% of spending 	<ul style="list-style-type: none"> 17% gadgets 31% apparel 25% equipment 27% footwear 	<ul style="list-style-type: none"> More likely to be married with kids Spends 20 hours/ week outdoors
The Athleisurist Enjoyment and escape	<ul style="list-style-type: none"> Spends \$284/year on outdoor products 20% of outdoor consumers and 32% of spending 	<ul style="list-style-type: none"> 8% gadgets 29% apparel 32% equipment 31% footwear 	<ul style="list-style-type: none"> 54% between the ages of 45 and 65 Spends 19 hours/ week outdoors
The Sideliner Low key and leisure oriented	<ul style="list-style-type: none"> Spends \$162/year on outdoor products 12% of outdoor consumers and 4% of spending 	<ul style="list-style-type: none"> 7% gadgets 28% apparel 32% equipment 33% footwear 	<ul style="list-style-type: none"> Predominantly female, 61% Spends 13 hours/ week outdoors
The Complacent Family time and sunshine	<ul style="list-style-type: none"> Spends \$143/year on outdoor products 14% of outdoor consumers and 4% of spending 	<ul style="list-style-type: none"> 8% gadgets 31% apparel 23% equipment 38% footwear 	<ul style="list-style-type: none"> Mostly between the ages of 45 and 65 Spends 11 hours/ week outdoors

XI. Contributors



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